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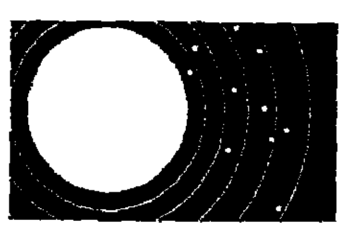

Space probe
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World Business Newspaper TUESDAY APRIL 23 1996

Channel tunnel operator reports losses of £925m

Problem-ridden Eurotunnel, which operates the Channel tunnel between France and England, yesterday disclosed losses of £925m ($611m) – one of the biggest deficits in UK corporate history. The Anglo-French group has been negotiating with its 225 banks since last September, when it suspended interest payments of £8.1bn of debt. Yesterday co-chairman Sir Alastair Morton blamed the banks for the slow pace of the talks and said he was "frustrated" by poor communications among them. Page 17; Lex, Page 16

Ceasefire quest goes on: The US and France continued to try to broker an end of the 12-day Israeli bombardment of Lebanon as hopes of an imminent ceasefire faded. Page 17

German employers on the attack: Germany's leading employers' federations condemned the government's efforts to cut public spending and revitalise the economy. Risking a clash with the trade unions, they said Bonn's planned measures "would fall by a long way" to reduce the burden of social security contributions. Page 16

Sri Lankans plantation workers strike:

Thousands of Sri Lankan tea, rubber and coconut plantation workers, including these tea pluckers from the southern district of Ratnapura, started a six-day strike to press for guaranteed working hours and more pay. An estimated 200,000-300,000 workers were involved.

Fiat plans $10.5bn investment: Italian vehicle maker Fiat is to invest L16,500bn ($10.5bn) in introducing 15 new models between the end of next year and 2002. An additional L3,500bn will be committed to more car assembly projects in developing countries, notably China and India. Page 17

UK to reverse stance on mines: Britain is about to reverse a longstanding policy and join calls for a ban on anti-personnel mines, government officials said. Page 11

Saudis held over bombing: Four Saudis confessed on state television to last November's car bombing which killed seven people in the capital Riyadh. They said they had been planning further attacks. Page 7

Ankara accuses Greeks: A Greek coastguard ship fired on a Turkish fishing boat off the southern Turkish coast near the resort town of Kas and injured one fisherman. Turkey and Greece almost came to blows over disputed islets in the Aegean in January. Page 3

Curtains for Chernobyl: One of two reactors still working at Ukraine's Chernobyl nuclear power station will shut permanently this year, the country's environment minister said. The ruined fourth reactor exploded 10 years ago.

Former Polish premier cleared: A probe into allegations that former Polish premier Jozef Oleksy spied for Russia was abandoned for lack of evidence. Page 2

Skiing officials stand trial: International Skiing Federation race directors Kurt Hoch of Austria and Jan Tischhauser of Switzerland went on trial in Munich, Germany, charged with negligent killing over the death of Austrian skier Ulrike Maier at a 1994 World Cup downhill race.

The Financial Times World Wide Web site, http://www.FT.com, has been redesigned. As well as top stories from the newspaper, London share and managed fund prices and market indices, it now contains closing prices of 11,000 equities on 39 exchanges, together with more international coverage, more analysis and news summaries updated during the global business day. Users can carry out a computer search of the site and contribute comments on the issues of the day.

■ STOCK MARKET INDICES		
New York lunchtime		
Dow Jones Ind Av	5,584.74	(+29.26)
NASDAQ Composite	1,150.59	(+11.89)
Europe and Far East		
CAC40	2,116.54	(+24.09)
DAX	2,545.91	(+9.39)
FT-SE 100	3,852.7	(-4.4)
Nikkei	22,123.89	(+240.05)

■ US LUNCHTIME RATES	
Federal Funds	$5\frac{3}{16}$%
3-mth Treas Bills: Yld	5.007%
Long Bond	$90\frac{5}{8}$
Yield	6.727%

■ OTHER RATES		
UK: 3-mo Interbank	6%	(6%)
UK: 10 yr Gilt	$96\frac{1}{32}$	($96\frac{7}{8}$)
France: 10 yr OAT	105.9	(105.62)
Germany: 10 yr Bond	97.53	(97.28)
Japan: 10 yr JGB	97.849	(97.879)

■ NORTH SEA OIL (Argus)		
Brent Dated	$19.43	(19.54)

■ GOLD		
New York Comex		
Jun	$393.6	(392.7)
London:		
close	$391.75	(390.6)

■ DOLLAR		
New York lunchtime		
£	1.5117	
DM	1.51695	
FFr	5.1315	
SFr	1.228	
Y	106.67	
London:		
£	1.5113	(1.5177)
DM	1.5164	(1.5057)
FFr	5.1305	(5.109)
SFr	1.2269	(1.2223)
Y	106.635	(106.965)

■ STERLING		
DM	2.2916	(2.2851)
Tokyo close:	Y 107.35	

Albania	LEK 220	Germany	DM4.00	Lithuania	Lit 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.65	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk65
Bulgaria	Lw130.00	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Cyprus	C£1.20	India	Rs75	Nigeria	Naira90	Spain	Pta250
Czech Rp	Kc60	Israel	Shk7.90	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr16	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£65.00
Estonia	Ekr 22	Jordan	JD1.50	Poland	Zl5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils650	Portugal (mainland)		Turkey	L80,000
France	FFr11.50	Lebanon	LL3,000		Es240	UAE	Dh12.00

Lira strengthens and shares surge ■ Early return to ERM expected

Centre-left takes clear victory in Italian poll

By Robert Graham in Rome Andrew Hill in Milan and John Simkins in London

Italy's centre-left Olive Tree alliance, led by Mr Romano Prodi, yesterday emerged with a clear parliamentary majority, raising the prospect of an early return of the lira to the European exchange rate mechanism.

News of the Olive Tree's narrow but decisive victory in Sunday's elections saw the lira strengthen sharply and the Milan bourse gained more than 4 per cent in heavy trading.

Counting was still continuing last night, but ministry of interior figures and projections gave the Olive Tree 319 seats in the 630 seat chamber against the 315 required for a majority. Other small parties could boost this to near 325.

This majority included 35 seats won by Reconstructed Communism (RC), formed from the hardline of the old Communist party with whom there was only an electoral pact and no agreement on a government programme. But in the 315 seat senate, the centre-left had a majority of one seat with 157 seats without RC.

In contrast the rightwing Freedoms Alliance, led by the former premier Mr Silvio Berlusconi, gained 246 seats in the chamber and 116 in the senate. The right only formally conceded defeat around midday yesterday with Mr Gianfranco Fini, leader of National Alliance (AN), pledging to form a tough opposition. Mr Berlusconi subsequently also vowed to remain in politics on the opposition benches.

The big surprise was the strong performance of the populist Northern League of Mr Umberto Bossi which fought on its own and won 59 seats in the chamber on a secessionist platform. Mr Bossi has indicated he was not eager to co-operate with the new government.

This means the Olive Tree will need to rely upon RC in government. The first reactions from RC were co-operative. But the presence of the nostalgic Marxists of RC led analysts in Milan and London to be cautious in spite of the enthusiastic reaction of the markets.

Mr James Cornish, European market strategist of NatWest Markets in London, warned: "Everybody in the markets is shouting for joy but I think there are problems in forming a stable government able to take tough economic decisions."

The prospect of a stable government would permit the Bank of Italy to reduce the official discount rate within the next two months, and possibly by as much as one point to 8 per cent by the end of the year, analysts said.

Stability could also bring the Italian currency back into the European exchange rate mechanism. "The centre-left has made clear that they have to rejoin the ERM, so if the lira continues to be strong I would expect re-entry within a short period of time – it could even be before the end of the first half," said Mr Lorenzo Codogno, chief economist in the Milan office of Bank of America.

This was backed up by Mr Vincenzo Visco, the economic spokesman for the PDS and likely economics minister. He said the lira's re-entry would be one of the first priorities of the new government.

Mr Ken Wattret, of HSBC Markets, added: "A realistic rate for the lira would be around L1,000 [to the D-Mark]."

Confindustria, the Italian employers' federation, yesterday called on a new government to take Italy into European monetary union "without delay", and said it should also accelerate the process of "liberalisation and privatisation and the reduction of bureaucracy."

The lira strengthened yesterday to L1,023 against the D-Mark compared with Friday's close of L1,042.

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Top of the tree: Romano Prodi, the Olive Tree's candidate for prime minister, said in victory that the government would "be formed on the basis of the programme ... submitted to the electorate" Picture: Reuter

US telecoms merger will cost 3,000 jobs

Bell Atlantic and Nynex announce long-awaited deal

By Tony Jackson in New York

The long-awaited $51bn merger between the US's Bell Atlantic and Nynex was announced yesterday, creating the second largest phone company in the US and fourth largest in the world.

The companies said they expected to shed 3,000 jobs in central management, from a total headcount of 134,000. They denied suggestions of sweeping cuts in the unionised workforce.

"This is a growth story," Mr Ivan Seidenberg, Nynex chairman, said. "Our view is we'll create jobs much faster in new markets than we'll lose them in our core business."

The new company will serve 26m domestic customers with conventional phones and 3.4m with cellular phones, and has substantial interests overseas. Its revenue of $27.8bn ranks it 23rd among US corporations.

Billed as a merger of equals, the company will cover the Atlantic seaboard as far south as Virginia, taking in both New York and Washington. Under the name of Bell Atlantic, it will be based in New York.

Under the merger, due to be completed in 12 months, Nynex shareholders will receive one share in the new company for each share held, while Bell Atlantic shareholders will receive 1.302 shares. The chairman will be Mr Raymond Smith, head of Bell Atlantic. On his retirement after about two years, he will be succeeded by Mr Seidenberg.

The companies said the merger would increase earnings from the first year. Cost savings by the third year were projected at $600m, with half to come from job cuts and the rest from other overheads.

The initial dividend from the merged company will be held unchanged for Nynex shareholders, while Bell Atlantic shareholders will have an increase of 6.7 per cent. Mr Smith said he expected the proportion of earnings paid out in dividends to fall sharply in subsequent years as earnings grew.

Restructuring charges of $500m are expected in the first year, followed by charges of $200m-$400m in the two following years. The companies said they expected savings of $250m-$300m a year from a combined capital spending budget of $5bn-$5.5bn through purchasing efficiencies.

Long-distance phone companies attacked the deal. AT&T said: "It's hard to see how new competition ... can be attained if existing monopolies simply combine into larger ones." MCI called on the authorities to examine the deal. Mr Seidenberg said there would be adequate competition in local telephony, and said the merger was aimed primarily at opportunities in long-distance telephony and cable TV.

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Joining the scramble, Page 17

Russian brokers flock to gamble on Yeltsin futures

By Chrystia Freeland in Moscow

Russia's nervous stockbrokers, hoping to turn fears into profit, yesterday threw themselves into the first day of trading in futures on the outcome of the June 16 presidential ballot.

With political and business leaders worried that a Communist victory at the polls could undermine the country's fragile market economy, the avid trading in "presidential futures" was a sign of how thoroughly capitalism has invaded all aspects of Russian life.

Officials at the Russian commodities exchange said the trading, which will be conducted daily until two days before the vote, is the country's first organised betting on political events.

Brokers said trading yesterday was more active than it has ever been in a newly launched financial instrument.

With the recent convert's fervent faith, officials at the exchange think their "presidential futures" will be more accurate than public opinion polls in predicting the outcome of the elections. "We think they will be more accurate than opinion polls because it's not just some dry research; the brokers are risking their own money," said Ms Natalya Belkina, head of the research department at the exchange.

The dealers, whose normal business is in commodities such as sugar and oil and stocks in blue-chip companies, can now also gamble on the percentage of the vote each of the seven registered candidates will attract in the first round of Russian presidential elections.

Traders were bullish on Russian president Boris Yeltsin's chances for re-election, pushing his estimated percentage of the vote up to 25.5 per cent from the market's initial quote of 18 per cent.

But they also showed confidence in the president's strongest rival, Mr Gennady Zyuganov, the communist contender, who moved up slightly from an initial position of 26 per cent to 26.4 per cent.

If no candidate wins more than 50 per cent of the vote in the first round, the top two politicians will face each other in a run-off, but the exchange is not yet trading bets on the possible outcomes of a second round of voting.

Traders said the futures would be irresistible to businessmen because they tapped into the Russian penchant for political speculation.

But they said Russian entrepreneurs, some of whom fear a Communist victory could lead to a confiscation of private property, were unlikely to use the "presidential futures" as a hedge against the economic risks of the election.

"Those people who think they will lose if Zyuganov wins understand very well that in such a situation it would be hard for them to collect on their futures contracts," said Mr Eduard Lanchiev, an analyst at AB Finance. "Rather than hedging with futures a businessman would be more likely to just take his money out of the country."

Some Moscow financiers were even more cautious, saying they would avoid the "presidential futures" for fear of the political repercussions of betting the wrong way.

UK plans cattle cull in return for lifting of ban

By Alison Maitland in London, Neil Buckley in Brussels and Caroline Southey in Luxembourg

The UK will today propose a highly selective slaughter of British cattle in exchange for a lifting of the European Union's worldwide ban on the country's beef exports.

Mr Douglas Hogg, UK agriculture minister, will put proposals to the European Commission for a cull of about 40,000 animals born in the early 1990s in herds which have had cases of BSE – bovine spongiform encephalopathy – or mad cow disease.

However, in a move which could further alienate some of Britain's EU partners, the government is arguing it will only order the destruction of these animals if it there is a clear understanding that it will lead to a lifting of the export ban. It is also insisting that the plan should have the backing of parliament and British farmers.

EU member states, some of whom have suffered greater falls in beef sales than Britain as a result of the crisis, are likely to argue that they want to see the effects of the slaughter policy in eradicating BSE before lifting the ban.

Mr Hogg's meeting with Mr Franz Fischler, the EU agriculture commissioner, comes amid heated exchanges over the British government's consideration of a retaliatory ban on imports of beef from other EU countries.

Mr Malcolm Rifkind, the UK foreign secretary, yesterday refused to be drawn on whether Britain would press ahead with its threat. He said at a meeting of EU foreign ministers in Luxembourg that the UK was working for an "early positive decision [on the export ban]. If that does not happen inevitably other options would be looked at".

A European Commission official said such a move "would be illegal". It would also "not lead to the kind of atmosphere" of co-operation the Commission hoped to foster with the UK in dealing with the BSE crisis.

"[A UK ban] could well lead to

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NEWS: EUROPE

Heavy cuts demanded in EU fishing

By Neil Buckley in Brussels

Drastic action is needed to reduce fishing activity and preserve Europe's dangerously over-exploited fishing stocks, European Union ministers heard yesterday.

The warning, in a report by independent experts presented to ministers by the European Commission, signals the start of months of tough negotiations over reductions in fishing fleets. It warned that catches of common species such as cod, haddock, herring and sole must be cut by more than 40 per cent in some areas.

"A large proportion of stocks in all areas are exploited at levels of fishing mortality higher, and sometimes far higher, than the maximum that would allow a rational and sustainable fishery," it said.

Ministers must agree by December on the next so-called multi-annual guidance programme for fisheries, fixing ceilings for EU activity from 1997 to 1999, and targets for fleet cuts.

Mrs Emma Bonino, fisheries commissioner, told ministers "restructuring of fleets" was the priority for the next three-year programme, but it was important to consider the socio-economic impact of any reductions. She had already held 32 regional meetings with fishermen to discuss the problem.

"It is important to have fisheries experts, industry and member states involved in the debate," she said.

The next guidance programme is the fourth since the common fisheries policy was introduced in 1983, but only the second to make serious attempts to tackle over-capacity.

Negotiations will be made more difficult by many states' failure to fulfil the fleet reduction targets in the last multi-annual programme, covering 1992 to 1996. The UK lags furthest behind, having cut its fleet by only 7 per cent, against the 19 per cent required.

However, the UK insisted yesterday that fleet reduction must be accompanied by action against so-called "quota-hoppers". Mr Tony Baldry, fisheries minister, said it was "crazy, ludicrous and wholly unacceptable" that fishing boats owned and manned by nationals of one member state should be counted under the quota of another state simply because that was where they were registered.

He said the UK was badly hit by the problem because of its traditionally open régime for registration of foreign-owned vessels, and would raise the issue at the intergovernmental conference on the future of the EU. Mr Baldry's comments followed a European Court judgment last month ordering Britain to pay compensation to non-UK fishermen for illegally banning them from UK waters between 1989 and 1991 in an effort to stop quota-hopping.

Aides to Mrs Bonino will meet Mr Baldry next week to discuss solutions to the problem.

Ministers agreed unanimously on a new system of flexible fishing quotas, allowing member states falling short of their fishing quota in any category, except those where there are serious shortages, to increase the following year's quota by an equivalent amount.

Members exceeding their quota in one year would have their quota reduced the following year, with additional penalties for over-fishing by more than 10 per cent.

Unilever moves to help protect North Sea fish stocks

Unilever, Europe's leading frozen fish producer, is to stop using fish oil derived from "industrial" fishing in the North Sea because it damages the marine environment and threatens fragile stocks such as cod and haddock, writes Alison Maitland in London.

The company, whose brands include Birds Eye in the UK and Iglo in continental Europe, said yesterday the move would cut its net profits by between £8m and £10m a year as it switches to soya or palm oil. These are about 30 per cent more expensive and entail higher transport costs. The change would take place within a year.

Ms Caroline Whitfield, Unilever's international fish manager, said the move was aimed at preserving profits in the long term. "It's about protecting the rest of our fish business, which relies on cod and haddock." The company's European business made an operating profit of £1.26bn ($1.9bn) last year.

Fish oil, which Unilever refines in Europe for sale to companies making margarine, shampoo and cosmetics, comes from tiny, low-value fish such as sprat and sand eel.

The fish, which are the staple food of more valuable species such as cod and haddock as well as sea birds, are caught in ultra-fine nets which scoop up marine life indiscriminately. Industrial fishing is unregulated, with no quotas or other restrictions on the amount caught.

European waters – mainly the North Sea – yield about 1m tonnes of "industrial" fish each year. This is used to produce about 250,000 tonnes of fish oil, of which Unilever takes about 20 per cent.

About 80 per cent of industrial fishing in the North Sea takes place in or around Danish waters, although there are other industrial fishing grounds off Norway and Iceland.

Ms Whitfield said there was clear evidence industrial fishing in European waters was harming fish stocks and sea bird populations. Unilever was looking at the environmental impact of industrial fishing in other parts of the world.

The company is meanwhile experimenting with oil from edible fish, using waste that would otherwise be discarded. Unilever's move is part of a project agreed with the World Wide Fund for Nature in February to use consumer power to tackle the global decline in fish stocks. The company has pledged that all its fish products will carry a logo by 2005 certifying they come from "sustainable" fishing grounds.

Oleksy cleared of spying charges

By Christopher Bobinski in Warsaw

The inquiry into charges that Mr Jozef Oleksy, a former Polish prime minister, spied for Russia has been dropped for lack of evidence. Colonel Slawomir Gorzkiewicz, a military prosecutor, said yesterday he was ending the investigation because his inquiries had failed to produce any evidence that an offence had been committed.

The charges were first brought last December, in the final days of Mr Lech Walesa's presidency, by Mr Andrzej Milczanowski, then interior minister and a Walesa supporter. Mr Milczanowski, who has since resigned, told parliament at that time that an investigation by Poland's security services had provided evidence of espionage by Mr Oleksy, who was then prime minister.

The accusations centred on Mr Oleksy's contacts with Mr Vladimir Alganov, a KGB agent resident in Poland, when the former had been a local Communist party official and later, after Solidarity came to power, when he became an opposition MP.

Mr Oleksy admitted meeting Mr Alganov but denied spying. Nevertheless, he was forced to resign as prime minister in January when the prosecutor's office took up the case. He was succeeded by Mr Wlodzimierz Cimoszewicz, also a former Communist, who leads the present governing coalition. This is made up of the Left Democratic Alliance (SLD) – dominated by the SdRP, the party of the former Communists – and the Polish Peasant party.

The SdRP subsequently rallied around Mr Oleksy and elected him unanimously as their leader, a post vacated when Mr Aleksander Kwasniewski was chosen as president to succeed Mr Walesa.

Even though opinion surveys show a small majority of Poles believe Mr Oleksy is innocent the case has hurt his political credibility. The opposition will return to the charges during next year's parliamentary election campaign.

Yesterday, Mr Walesa implied that the decision amounted to a cover-up, saying he had not expected "anything else from this political option".

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Yeltsin looks to Asia as G7 keeps him out of the club

Bruce Clark reports from Moscow on signs of emerging consensus among Russia's political class on important foreign policy issues

President Boris Yeltsin's domestic critics poured scorn yesterday on his claim to have boosted Russia's prestige, and his own personal standing, by inviting his western counterparts to a summit on nuclear security over the weekend.

But there were also signs of a consensus across Russia's political spectrum on some foreign policy issues: the need to stand up to the west over Nato expansion, and to consolidate relations with Asian partners such as China (to which Mr Yeltsin begins a visit tomorrow) and India.

"Summits mean as much to ordinary people in Russia as life on the moon," said Mr Yuri Shekhochikin, a well-known liberal parliamentarian. "Visits by western leaders do not have the same resonance as they did in the days of Reagan and Thatcher."

He added that many Russians blamed the west for treating the forthcoming presidential election as a straight choice between Mr Yeltsin and his main rival, the Communist leader Mr Gennady Zyuganov.

Paradoxically, Mr Yeltsin's visit to China will probably enjoy broader support from Russia's political class than his recent hobnobbing with western leaders. Moscow's relationship with China is supported strongly by Russia's defence industry bosses, who see Beijing as a promising purchaser of weapons, particularly aircraft, and technology. The Chinese leadership is also admired by many Russian hardliners for its authoritarian style, its economic success and its willingness to face down the west over human rights and regional issues. Mr Zyuganov's electoral programme calls for relations with China to be a top Russian priority.

Critics of the weekend summit deplored the fact that Mr Yeltsin failed to persuade the leaders of the Group of Seven industrial countries to include Russia in all their future deliberations, so as to make a Group of Eight. For the past two years, G7 meetings have included Russia in their discussions about diplomatic and security issues. But Russia is still excluded when economic questions, which were the Group's original concern, are under review.

Mr Yeltsin is expected to put enormous pressure on the G7 to give him a high status at the Group's forthcoming summit in Lyons, to be held at the height of the electoral contest.

"There were hopes before the Moscow summit of upgrading Russia's status and creating a G8 but this has not succeeded," said Mr Alexei Podberezkin, deputy head of the Duma's foreign affairs committee. "Anyway, Russia is already a leading industrial power, so it shouldn't have to ask France or Japan for permission to be one."

But Mr Podberezkin – one of Mr Zyuganov's ideological mentors – said there was now a broad consensus between Mr Yeltsin and his opponents over Nato expansion: all were firmly against. The only shade of difference was that Mr Zyuganov's party took an even more sceptical attitude than Mr Yeltsin to Partnership for Peace, Nato's programme for military co-operation with the former Warsaw Pact.

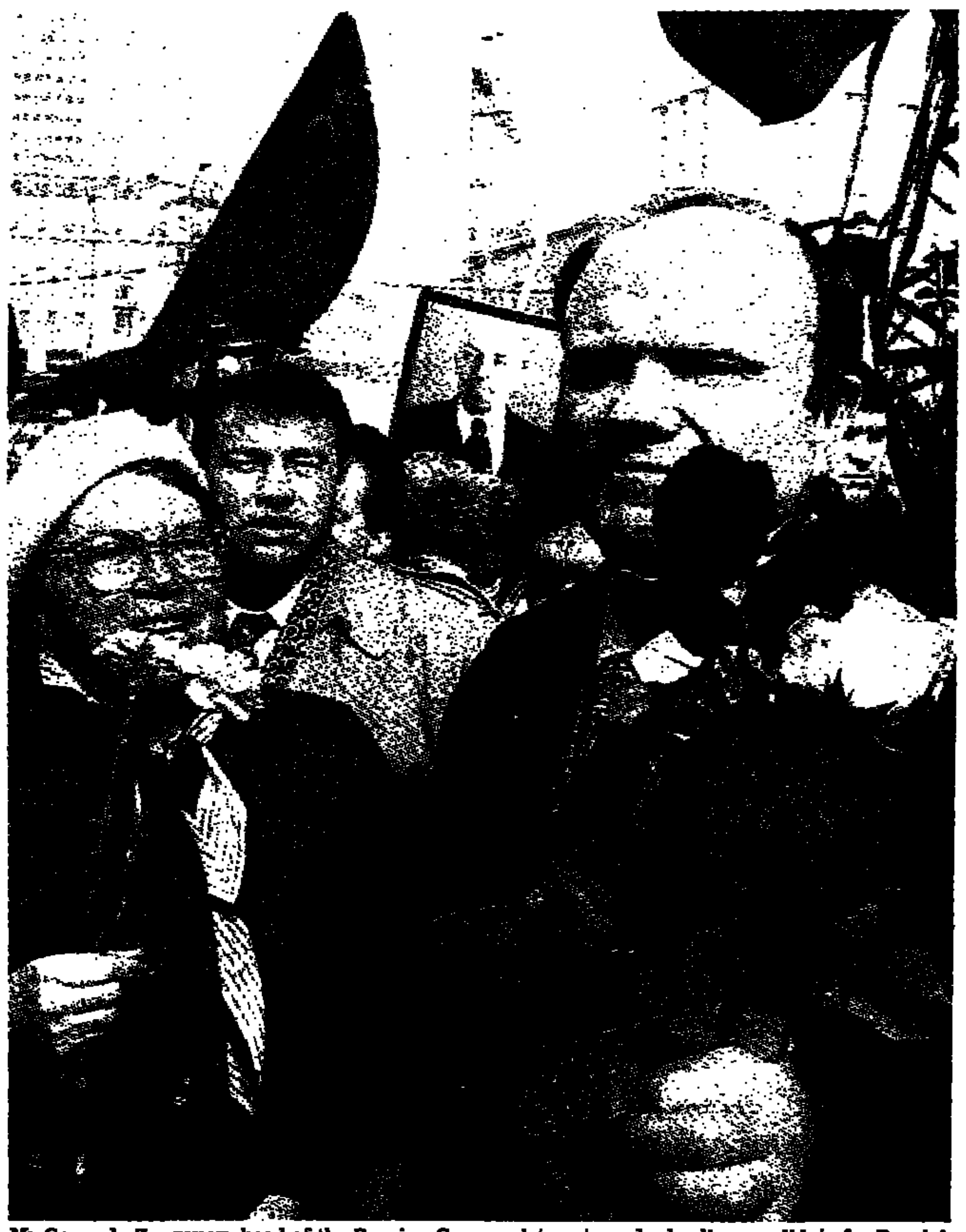
In another hint of a grudging consensus over foreign policy, Mr Podberezkin said the Start-2 treaty on reducing long-range missiles might be debated by the Russian parliament in autumn, with a 50-50 chance of winning approval.

"I think it's a bad treaty but it may be better than no treaty at all," he said, striking a more positive note than hardliners in the Communist-dominated parliament have sounded before.

Meanwhile, as Mr Yeltsin seeks over the next few days to consolidate ties with China, only one group of Russian hardliners is likely to create problems: the Cossacks, the caste of warrior peasants whose right to form separate units in the Russian armed forces has been reaffirmed by the president in a pre-electoral gesture.

The Far Eastern Cossacks have repeatedly protested over a Russian-Chinese project – in progress since 1991 – to demarcate the two countries' land border more precisely. The Cossacks have accused Moscow of making too many concessions to Beijing, and hinted that they may take unilateral action in defence of Russia's frontiers.

However, Mr Yeltsin said last night that his visit to Beijing would put in place a "constructive partnership for the 21st century" and turn the relationship into a "major factor of peace and security in the world". But his diplomatic adviser, Mr Dmitry Ryurikov, said the Russian-Chinese relationship would not amount to a new bloc: each country would still look after its own security interests.



Mr Gennady Zyuganov, head of the Russian Communist party and a leading candidate for Russia's presidency, visited Lenin's tomb in Moscow's Red Square yesterday to celebrate the 126th anniversary of the Soviet Union founder's birth. Reuter

German banks hit out over tax raids

By Peter Norman in Bonn

Germany's tax authorities were accused yesterday of acting in a manner that was incompatible with the constitution with a series of raids on banks in pursuit of suspected tax evaders.

Mr Karl-Heinz Wessel, president of the German association of private sector banks, said that investigators appeared to operate on the principle that anybody with a bank account abroad, or who transferred or deposited funds abroad, should be suspected of seeking to evade taxes in Germany.

Without naming the bank, he referred to a recent case in which the authorities had seized 40,000 documents relating to customer accounts and accounts held by other banks to establish whether these clients had accounts abroad.

The investigators were "not just putting the banks under the eye of Big Brother but their customers as well", he said.

Mr Wessel, who is a partner of Sal Oppenheim Junior, the private bank chaired by Mr Karl Otto Pöhl, the former Bundesbank president, said the tax investigators were driving business away from German banks.

Their action highlighted the need for a thorough-going reform of Germany's tax system to make it fair and comprehensible for the average citizen.

Using unusually strong language, Mr Wessel accused the German authorities of "schizophrenia" by attacking the right of citizens to transfer money abroad while imposing tough data protection rules and agonising over such issues as whether to bug the homes of known criminals involved in organised crime.

The right of Germans to transfer cash and invest abroad had been established for decades and corresponded with the European Union principle of free capital movements, he said.

Shortly after Mr Wessel spoke in Bonn another case involving tax investigators and a German bank came to light.

The state prosecutor's office in Hanover reported that 59 customers of the state-owned Norddeutsche Landesbank had filed suits incriminating themselves of tax evasion. The action – which under German law will give them immunity from prosecution – followed two swoops on the bank by tax investigators over the past year.

EUROPEAN NEWS DIGEST

Lisbon voices doubts on Emu

Mr Antonio Sousa Franco, Portugal's finance minister, has admitted his country may not join a European single currency in 1999. "If Portugal delayed [entry] one or two years, this would not cause serious damage," he said yesterday.

Mr Sousa Franco reaffirmed that economic and monetary union remained the goal of the Socialist government. "The objective is that Portugal enter in the first group," he said, adding that this was the only way to ensure the country could benefit from the lower interest rates that would accompany a single currency. This year's budget is aimed at putting Portugal firmly on course for Emu, but the minister said that even if the country remained outside, it would pursue the same sort of economic policies as those inside. *Reuter, Lisbon*

Waigel hopeful over economy

Mr Theo Waigel, the German finance minister, said the International Monetary Fund's recent forecast for German GDP growth of 1.0 per cent in 1996 was "not unrealistic", adding the German economy is expected to recover from recent weakness as the year goes on.

Speaking at a news conference ahead of a meeting of G7 finance ministers and central bank chiefs, Mr Waigel said recent moderate wage deals in key industry negotiations, together with efforts to rein in government spending, should support Germany's international competitiveness and spur renewed economic growth.

Mr Waigel said the latest Bundesbank interest rate cut would also support renewed economic growth. The easing was an important signal and rendered German monetary policy growth-friendly, Mr Waigel said.

At the same news conference, the Bundesbank president, Mr Hans Tietmeyer, said German interest rates were now extraordinarily low, with the discount rate at an all-time low of 2.5 per cent. He added that there was currently no sign of inflationary pressure in the economy. *AFX, Washington*

Anti-Chernobyl protest in Kiev

Anti-nuclear activists symbolically buried a model of the Chernobyl nuclear power station's ruined fourth reactor in Kiev yesterday, and demanded the plant's immediate closure.

The protesters, clad in white and representing the environmental group, Greenpeace, placed a model of the "sarcophagus" erected around the reactor in a mock coffin outside the office of Mr Leonid Kuchma, the president of Ukraine. Rows of crosses were set up on the street, each bearing the name of a village evacuated after the reactor exploded 10 years ago this week.

At one point, Mr Volodymyr Gorbulin, secretary of Mr Kuchma's security council, engaged the protesters in a short debate, saying: "Is it possible to close down Chernobyl in one day? Ukraine needs electricity."

Mr Yuri Kostenko, Ukraine's environment minister and senior negotiator in the talks to close Chernobyl, said Mr Kuchma told a weekend summit of world leaders in Moscow that Chernobyl's number one reactor would be shut by the end of the year. Ukraine has pledged to close the station entirely by 2000. *Reuter, Kiev*

New EU official for Mostar

Mr Ricardo Perez Casado, the new European Union administrator in the divided Bosnian town of Mostar, officially started work yesterday.

The 50-year-old former mayor of Valencia in Spain professed optimism that Moslems and Croats in the bitterly divided town could learn to cohabit successfully. "I think we must be optimistic," Mr Perez Casado said.

Mr Perez Casado succeeds the German, Mr Hans Koschnick, who resigned from the job earlier this month after accusing the EU of failing to provide adequate support for his plan to reunify the town. Croats who want to make Mostar an entirely Croat town physically attacked Mr Koschnick over the scheme.

The EU has administered Mostar since July 1994, and has invested more than $130m, but Moslems and Croats there have so far resisted attempts at reunification. *Reuter, Mostar*

Hungary's 'model FBI academy'

A US-backed academy in Hungary that trains police from ex-Communist countries is a success and could be a model for the world, a US state department official said yesterday.

"We are in the process of discussing that with other nations," Mr Robert Gelbard, US assistant secretary of state, said at a news conference, mentioning central America and the Caribbean as potential locations for similar centres. The International Law Enforcement Academy, nicknamed "the FBI academy" after the US Federal Bureau of Investigation, was started last April with partial funding from Washington and instructors coming from US federal crime fighting agencies.

The academy will now begin operating at full capacity, training 250 police officers from the former Communist countries each year.

"As crime becomes more international, law enforcement has to be more international as well," said Mr Gabor Kuncze, the Hungarian interior minister. The official opening ceremony was attended by Mr Arpad Goncz, the Hungarian president, and Ms Janet Reno, the US attorney general. *Reuter, Budapest*

Spanish retail sales decline

Spanish retail sales fell 8.95 per cent in February from January, when they declined 13.93 per cent month-on-month, according to Spain's National Statistics Institute. The retail sales index stood at 135.08 in February, compared with 148.81 in January.

Large store sales fell 19.93 per cent in February from January, when they declined 26.62 per cent month-on-month. The large store sales index stood at 93.22 in February. Sales of food products by large stores dropped 2.86 per cent in February from the previous month, those of personal goods by 41.79 per cent and household goods by 15.89 per cent. Other consumer goods sales fell 37.56 per cent. *AFX, Madrid*

■ Dutch industrial sales rose 2 per cent in February from a year earlier, according to provisional figures issued by the Central Bureau for Statistics.

Revised figures showed January industrial sales were unchanged from a year earlier, compared with the provisional 1 per cent rise for January reported last month. In February 1995, industrial sales rose 10 per cent year-on-year, the bureau said.

■ Portugal's budget deficit stood at Es197bn ($1.27bn) in the first quarter of 1996, down 24 per cent on the same period last year.

■ Monthly inflation in Romania slowed to 1.7 per cent in March from 1.9 per cent the previous month.

Spain fears delay in government may deter investors

By Tom Burns and David White in Madrid

Spain's centre-right Popular party, which is facing a fresh hitch in its efforts to form a government with backing from regional parties, is concerned that further delay could undermine investor confidence, with damaging effects for the economy.

The Catalan nationalist coalition Convergència i Unió (CiU) yesterday suspended talks until tomorrow while it reviewed the PP's latest proposals on regional financing.

Support from the Catalan group is indispensable for Mr José María Aznar, the PP leader, to be able to form a government following his narrow election victory seven weeks ago.

The PP's concern has been heightened by the risk of international funds switching from Spain to Italy in the light of the Italian general election result.

"We are seeing a direct relation to Italy right now, where there is a huge rally, and the chance of a negative reaction if Spain does not get a government together soon," said the manager of a London-based hedge fund.

"Normally a delay in forming a government in Spain would not be important, but it has become so because of the positive news in Italy," he said.

A Madrid merchant banker said: "Right now what is fuelling the market in Spain is the flow of foreign funds. The markets want a government as soon as possible."

International and Spanish investors have so far displayed confidence in the prospect of a PP government backed by the Catalans and other regional groups, which would give Mr Aznar a working majority in parliament. A strong peseta has raised expectations of a further cut in interest rates by the Bank of Spain today. Stock prices in Madrid remained near all-time highs yesterday, with the general index at one stage breaking the previous record set in early 1994.

However, hopes of getting a new government in place by the end of this month appeared to dwindle yesterday after failure to break the deadlock in inter-party negotiations.

After a five-hour meeting at the weekend with Mr Jordi Pujol, the Catalan regional president and CiU leader, Mr Aznar said a deal with the CiU was virtually complete, barring some "details". But Mr Pujol was less optimistic, saying there were still "important differences".

Mr Joaquim Molins, the main CiU negotiator, warned yesterday that the PP could not yet count on support if it tried to stage an investiture debate early next week. This raised fears that the date would be pushed at least a week further forward, following next week's May Day holiday.

"A week's delay may not matter that much. But, beyond that, the Spanish market would begin to underperform Italy's," said Mr Gwyn Hacche, an economist at James Capel in London.

The negotiations centre on a scheme under which regional governments would be responsible for handling a further 15 per cent of income tax receipts, in addition to the 15 per cent earmarked for them under the present system. However, the PP and CiU are at odds on how much extra funding this new scheme would imply for Catalonia.

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Turkey raises deficit doubts in late budget

By John Barham in Ankara

Turkey's parliament yesterday approved the 1996 budget which calls for a deficit equivalent to about a quarter of spending, or about 7 per cent of gross domestic product.

However, many economists and market analyst still warn that the government's targets for spending, inflation and tax receipts are over-optimistic and expect the budget deficit to be larger still.

The budget – delayed by elections at the end of last year – calls for spending equivalent to about $42.7bn at this year's projected average exchange rate, and puts the budget deficit at about $11.7bn.

But some financial analysts warn the deficit could reach $17bn, possibly destabilising the economy by accelerating inflation which is already running at 79 per cent a year. The budget is based on an inflation forecast of 65 per cent against market expectations of about 80-85 per cent.

Mr Attila Yesilada, director of research at Istanbul's Global Securities brokerage, said meeting these targets would involve among other things "a government plan to reform the tax system or cutting down on tax cheats. I think it is totally illusory." Tax revenues are budgeted at two-thirds of spending.

He added that the $18bn equivalent allocated for interest payments on the government's burgeoning domestic debt may also prove insufficient. Mr Yesilada said: "Based on our estimates, budget allocations for the domestic debt alone will be exhausted by the third quarter." Interest payments on the $27.02bn domestic debt are already the largest item in the budget, taking up nearly half of all projected spending.

Some analysts fear that a domestic debt crisis could trigger either hyperinflation, as the treasury loses financial markets' confidence, or force the government to impose a traumatic unilateral rescheduling on bond holders.

The government yesterday appointed Mr Mehmet Kaytaz, an econometrics professor and head of the State Institute of Statistics, as the new treasury under-secretary responsible for controlling spending. Although he is respected as an able technocrat, markets worry about his ability to resist demands for money.

However, the new conservative coalition government of Mr Mesut Yilmaz has won plaudits from some economists for drafting a somewhat more realistic budget than his predecessor, Mrs Tansu Çiller, with whom he now shares power.

One analyst said: "The key issue is confidence. Yilmaz is perceived as more reliable than Çiller, so if he can stick more or less to the budget, financial markets should keep interest rates where they are, at about 100 per cent a year, and inflation should remain stable." This means that the interest portion of the budget could remain on target.

Still, this would require further reforms of the bankrupt social security system which is the second largest contributor to the deficit after interest payments. However, structural reform of the system may be difficult since the government is 15 seats short of a majority.

The old ways may devalue Albania poll

Albania, the poorest and most isolated country in Europe under the dictatorship of Enver Hoxha, is embroiled in an election contest which reveals the power of old ways and the obstacles hindering multi-party democracy after centuries of poverty and authoritarian rule.

Four years after leading his Democratic party to victory over the former Communists in the March 1992 elections, Mr Sali Berisha, the powerful Albanian president, is seeking to prevent Albania from following the pattern established in several other post-Communist societies.

He is calling on voters to back the Democratic party in the May 26 poll and stop Albania from falling back into the hands of a Socialist party he reviles as a renamed version of the Communist party that terrified Albanians for more than 45 years.

While the president warns that a Socialist victory would divert Albania from the path of democratic reforms and European integration, the Socialists and other opposition parties accuse Mr Berisha of abusing his office and manipulating laws targeting former Communists to attack opponents in an undemocratic manner.

Political tensions flared earlier this month when 35 Socialist party members and several other leading opposition figures were banned from running for election by a government-appointed "verification" commission. The commission was set up to enforce the so-called "genocide law" of September 1995 preventing former senior Communist officials and collaborators from seeking elected office. The law, in practice, is being applied in a highly selective way.

The ban affected the Socialist party's general secretary, Mr Gramoz Ruci, and Mr Servet Pellumbi, its vice-chairman. The Socialists point out that the Democratic party is as full of former Communist party members as their own party. The president himself was a privileged heart surgeon under the old regime and treated senior officials, including Hoxha himself.

The Socialist party, with its most charismatic leader, Mr Fatos Nano, already in jail, says that disqualification is an act of political vengeance by President Berisha and an attempt to wipe out the opposition. They also attack recent amendments to the electoral law, which make it more difficult for smaller parties to enter parliament, and 1993 reforms placing polling stations under the control of government-appointed prefects.

The Socialists have been the main opposition since the Democrats swept to power with a 62 per cent majority in the second democratic elections of March 1992. They have since regained popularity, rallying around Mr Nano who was imprisoned in July 1993 on questionable corruption charges.

The Socialists also complain about a redefined electoral map which they say gives unfair advantage to the Democratic party, supported by the largely state-controlled media.

Despite these handicaps the Socialists predict that they will win 82 out of 115 electoral districts in a reaction against Mr Berisha's authoritarian style. But the opposition remains relatively weak and divided while economic reforms, backed by large-scale foreign aid and emigrant remittances, have raised consumption levels and the "feel-good" factor among voters.

Further economic and legal reforms are needed, however, to attract the productive investment needed to underpin the rather superficial economic recovery. This has already filled shops and markets with imported goods, fuelled a construction boom and led to a resurgence of growth and sharply higher agricultural production from thousands of small farms.

But freeing up the economy and society has also triggered off a potentially destabilising influx from the mountainous hinterland to overcrowded and insanitary shanty towns on the fringes of the cities. Corruption also remains a big problem in local and central government.

The collapse of the old system has raised unemployment and reduced the already low value of payments to pensioners – whose votes the Socialists hope will help bring them victory.

The Democratic party's main strength is the support for Mr Berisha who continues to build up his personal power despite the embarrassing failure of a constitutional referendum in 1994 which sought to legitimise a powerful executive presidency. The party is campaigning on its four-year record of reforms, interlaced with attacks on the opposition as potential wreckers of all that has been achieved.

Meanwhile, two smaller parties, the Social Democrats and the Democratic Alliance, have formed a coalition to capture middle-of-the-road voters.

They also plan a link-up with the Socialists after the elections. Last week, six Democratic Alliance candidates were disqualified along with Mr Skender Gjinushi, chairman of the Social Democratic party, who was a Communist minister of education. Mr Berisha attacks this putative coalition as a "Red Front" and has encouraged various rightwing groups to create a "Democratic Union" to fight against it.

Next month's polling will take place under the eye of international monitors. But the Socialists allege that free elections have already been jeopardised.

The next few weeks will show whether the last four years have been enough to sow the seeds of a gentler political culture where the government respects the rights of the opposition, and opponents can face the prospect of electoral defeat as only a temporary setback.

Marianne Sullivan and Anthony Robinson

Albanian elections: strong words

President Sali Berisha: reviles the Socialist party as Communists under a different name; the Socialists accuse him of abusing power by manipulating laws to attack them.

Parliament: election results 1992

	Number of seats	Percentage of votes
Democratic party	92	62.1
Socialist party	38	25.7
Social Democratic party	7	4.4
Party of Union of Human Rights (Ethnic Greek party)	2	2.9
Republican party	1	3.1

(Others 1.8% of votes, no seats)

Source: Democratic party

Turks protest as Greeks fire on fishing boat

By John Barham

Turkey yesterday protested to Greece over an incident off the southern Turkish coast in which a Greek coastguard vessel fired on a fishing boat, injuring its skipper and reviving fears that the incident could lead to a new confrontation between the two countries.

Turkey's Foreign Ministry protested that the Greek coastguard "opened fire in Turkish territorial waters and wounded a Turkish citizen".

"The problems between Turkey and Greece are sensitive and complex. People should act cautiously and a dialogue between the two countries should start as soon as possible," the ministry said.

However, the Greek embassy rejected Turkey's account of the incident, in which Mr Alihan Cengiz, skipper of the fishing boat Derya, was wounded in the legs. It claimed he had landed eight Iraqi illegal immigrants on the Greek island of Strongili. The embassy added that the coastguard only fired after the fishing boat ignored warning shots and that it was hit by mistake in bad visibility.

Turkey is one of the principal channels for illegal immigrants, especially Turkish and Iraqi Kurds, attempting to enter western Europe. They are transported through Turkey and into Greece through its poorly-guarded Aegean and Mediterranean islands.

Relations between the two countries deteriorated sharply in January when they were on the brink of conflict over two small uninhabited Aegean islands claimed by both countries. Conflict was only averted after US mediation led by President Bill Clinton. Greece has since held up European Union financial aid for Turkey in protest.

Turkey and Greece are Nato allies, but have gone to the brink of war several times in recent years over control of the Aegean sea and the division of Cyprus following Turkey's 1974 invasion.

However, Mr Dimitrios Nezeritis, Greek ambassador to Ankara, said he saw no reason why a planned meeting in Bucharest on Saturday between the two countries' foreign ministers should be affected. Mr Mesut Yilmaz, Turkey's prime minister, in March offered unconditional talks on resolving its disputes with Greece in the hope of unlocking EU aid.

Mitterrand has his say at last

By Andrew Jack in Paris

François Mitterrand's two-volume version of his contribution to history goes on sale today with an initial print run of 200,000 copies.

The two books, one called *Interrupted Memoirs* and the other *Of Germany, Of France*, were the late French Socialist president's response to a large number of more or less critical books assessing his life published with increasing intensity over the last few years.

They cover his views on the war years until the end of the 1960s, and his views on Germany and its unification after the collapse of communism in eastern Europe.

Mitterrand worked on the texts intensively between handing over power to President Jacques Chirac last May until the day before his death in January, writing final extracts during his annual visit to Karnak in Egypt at the New Year and correcting drafts in the following days.

After a huge initial flurry of attention paid to the former president in the wake of his death, public references to Mitterrand have begun to wane in the last few weeks. Nevertheless, the market for "Mitterrobilia" appears to remain strong.

Dr François Gubler, his surgeon, provoked huge controversy and a ban on his book two days after publishing *The Great Secret*, in which he claimed the former president concealed a diagnosis for cancer from as early as 1981, and during his last few months in office was too pre-occupied with his illness to carry out his official duties.

Mrs Danielle Mitterrand, his widow, recently released her own memoirs, which have sold well. Other more critical books are also selling, including one attributed to his pet dog, Baltic.

NEWS: WORLD TRADE

Pact on Caspian pipeline shares

By Sander Thoenes in Alma Ata

Chevron and Mobil of the US have reached preliminary agreement with Russia, Kazakhstan, Oman and six other oil companies on equity shares in the construction of a pipeline to unlock the oil reserves of the Caspian Sea basin.

Those close to the negotiations said yesterday that the board of the Caspian Pipeline Consortium, now consisting only of the governments of Russia, Kazakhstan and Oman, would meet later this week to confirm the agreement with the eight companies for sale of half the shares.

The initial agreement offers hope for a $20bn venture between Chevron, Mobil and the Kazakh government in western Kazakhstan, and for a range of oil and gas projects in landlocked Central Asia and Azerbaijan.

It also ends three years of conflicts between Chevron, the leading potential client, and Oman, which had insisted on a 25 per cent share for less than a quarter of investments. Oman agreed in March to cut its stake to less than 10 per cent.

Observers point to two reasons for the turnaround: the departure of Mr John Deuss, a Dutch billionaire who had negotiated the original pipeline consortium on behalf of Oman Oil, and Russia's warming to the project. Diplomats and oil experts say Russia decided to co-operate when Moscow realised that both Kazakhstan and Azerbaijan might otherwise opt to bypass Russia altogether with a pipeline through the Caucasus to Turkey.

Some negotiators fear the Kremlin may yet change its mind after this summer's presidential elections, or co-operate only during the first phase of the project, which will improve a bottleneck in Russia's pipeline system.

Russia was expected to take 22.5 per cent, leaving 20 per cent for Kazakhstan and 7.5 per cent for Oman. The other half would be shared among western and Russian investors.

British Gas ruled out of country's first LPG project as Vietnam shortlists BP and Enron

Hanoi blow to gas supply project

By Jeremy Grant in Hanoi

Vietnam has shortlisted British Petroleum and Enron of the US for investment in a $160m liquefied petroleum gas (LPG) project near Ho Chi Minh City, dealing a blow to British Gas and three other companies which had been hoping for involvement in the country's first gas processing plant.

The move is likely to delay further Hanoi's self-imposed deadline of next year to boost power production in the energy-starved south by using gas found offshore. The World Bank predicts electricity demand, currently 2,300MW annually, will grow at 14 per cent a year until 2000.

A letter sent last week by PetroVietnam, the state oil agency, to British Gas, Petronas, the Malaysian state company, Conoco and Panhandle Energy of the US, said it had rejected their proposals for the LPG plant.

British Gas is likely to be unhappy about the decision as the LPG project is all that remains of a wide-ranging, $400m gas project that it had proposed in 1994.

This "fast track" plan was designed to tap gas found offshore in the Bach Ho (White Tiger) field to feed a series of power stations near Ho Chi Minh City by 1997.

The company had invested $4m in a feasibility study for an offshore gas compression platform, pipeline and onshore facilities including an LPG plant at Dinh Co and storage terminal at Phuoc Hoa.

However, apparent indecision by the Vietnamese bureaucracy and the withdrawal of the company's Japanese partner, Mitsui, last year saw the project scaled back dramatically.

Hanoi then invited bids for the LPG plant and storage facility alone, despite British Gas appearing to be the obvious candidate for the job, having carried out the feasibility study.

The Vietnamese, meanwhile, pressed ahead with the offshore component of the project themselves, awarding a $137m contract for the platform to France's Bouygues Offshore.

Hyundai of South Korea received a contract to build the offshore pipeline. This has been finished and supplies gas to the Ba Ria power station.

Vo Van Kiet, Vietnam's prime minister, said last year that he would like to see gas at White Tiger used to fire turbines at Phu My 2 power station, which will be the biggest in the south with a capacity of 900MW. PetroVietnam and Brown & Root of the US are working on a pipeline taking excess gas at Ba Ria to Phu My.

However, industry experts say the fact that Vietnam has chosen to go through a lengthy bidding process for the LPG plant and storage facility means neither is likely to be ready in time for the commissioning of the offshore gas platform in May 1997.

"You can now wave goodbye to fast gas for Phu My," said one.

Brittan warns on Jakarta's policy for national car

By Manuela Saragosa in Jakarta

Indonesia's policy to develop a "national" car, a move which disadvantages established foreign investors, is "objectionable" and will "drive away future investment", Sir Leon Brittan, European Union trade commissioner, said yesterday.

Sir Leon said he had made it clear in talks with Indonesian officials that the country's "national" car policy is "contrary to World Trade Organisation and TRIM (Trade Related Investment Measures) agreements: "Who's to say that if this is done in the car sector it could not be done in others?"

In February, President Suharto signed a decree which exempted a company controlled by his youngest son, Tommy Mandala Putra, from luxury sales tax and import tariffs for car components to develop what is being touted as a "national" car. The "Timor" car is being developed in a technical assistance agreement with South Korea's Kia Motors.

The move has angered Japanese car makers, which dominate the Indonesian car market. They have invested heavily in Indonesian plants to meet local content requirements under an incentive scheme that provides tariff relief for producers who use Indonesian-made parts.

Despite policies in the car sector which go against the country's general trend of economic deregulation, Sir Leon noted that Indonesia was an influential country and its support for the WTO's accord to liberalise the telecoms market was important. Such a move would "reinforce the leadership role of Indonesia in this part of the world", he said.

Indonesia has already opened up its telecoms market to foreign investment, but has yet to offer to sign up for the WTO's international accord on the sector.

Sir Leon said he had floated a "standstill" agreement with Indonesian ministers under which Jakarta would agree not to backtrack on any measures taken in opening the telecoms market. They had "nothing to lose by signalling they would stick to a policy of openness [in the telecoms sector]".

He is in Jakarta to follow up prospects for co-operation established at the Bangkok Asia-Europe meeting earlier this year, before the Singapore ministerial WTO meeting later this week.

Record net profits of $5.2bn, but growth in capacity outstripping passenger demand

Iata chief warns on new aircraft orders

By Michael Skapinker, Aerospace Correspondent

The International Air Transport Association yesterday said its members made record net profits last year of $5.2bn but warned that growth in aircraft capacity was outstripping passenger demand.

Mr Pierre Jeanniot, Iata director general, said airline profits on international scheduled services would continue to grow this year to $6bn.

However, total profits in the three years 1994-96 would still represent only 85 per cent of the amount lost in 1990-93.

Mr Jeanniot told an Iata conference in New York that last year's net profit was achieved on revenues of $129.6bn, producing a profit margin of 4 per cent. This compared with the 1994 net profit of $1.6bn, which represented 1.4 per cent of revenue. He expected 1996 net profits of $6bn to be 4.3 per cent of revenue.

Air traffic had grown slightly faster than aircraft capacity last year. Total traffic, both passengers and freight, was up 8.4 per cent, compared with an 8.3 per cent rise in aircraft capacity.

Mr Jeanniot warned airlines last year that profits would begin to fall again if they ordered more aircraft than could be justified by the rise in demand.

Yields, or the amount airlines earn for each mile they transport each passenger, increased by 3 per cent last year, while unit costs rose 0.5 per cent.

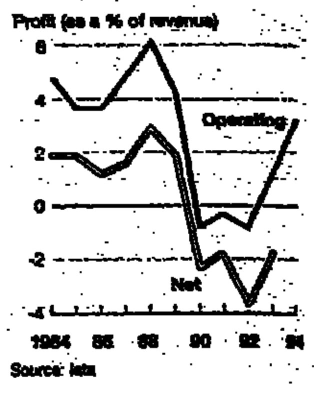
Mr Jeanniot said it was crucial that airlines kept unit costs under control during 1996 because fares were expected to fall. Yields were expected to drop by 0.6 per cent and unit costs by 1.4 per cent.

An additional pressure on finances would come from the growth in capacity as carriers began to order new aircraft after the recession of the early 1990s. He expected traffic to grow by 8.1 per cent this year against a capacity increase of 8.6 per cent.

Airlines ordered 714 aircraft last year, against 361 in 1994. "Aircraft manufacturing lead times have shortened during the past three years and prices have never been keener. But let's pray that most of those aircraft arrive before the next recession," Mr Jeanniot said.

"Aircraft deliveries have the potential to accentuate the downside effects of the economic cycle. It is not a question of chronic over-capacity. It is capacity at the wrong time."

World airline financial results



Source: Iata

World drug sales get off to fast start

By Daniel Green

World drug sales got off to a fast start this year with sales in the top 10 markets rising 9 per cent to $11.7bn in January, against the same month the previous year, according to figures published today.

The rapid growth underlines the good first quarter results released earlier this month from the main US pharmaceuticals companies.

The overall gains were made in spite of a sharp fall in sales in Japan, according to IMS, the pharmaceuticals industry market researchers.

January's sales were compared with an unusual winter in Japan a year ago. A heavy cold and flu season, and weather conditions that increased the levels of cedar pollen, led to big sales of anti-infectives and respiratory drugs. By comparison, Japanese sales of anti-infective drugs fell 40 per cent in January 1996 to $208m, with respiratory drug sales down 18 per cent at $146m.

This reduced total drugs sales in Japan, the world's second biggest market, by 7 per cent to $1.66bn for the month.

The US remained the world's biggest market, with sales of $4.72bn, an increase of 14 per cent on January 1995.

The best performing sectors were nervous system drugs, including Prozac, the anti-depressant made by Eli Lilly of the US, and blood agents, including cholesterol-lowering drugs such as those from Merck of the US and Sandoz of Switzerland.

US nervous system drugs sales grew 20 per cent to $847m and blood agent sales rose 29 per cent to $231m.

Germany remained the world's third biggest market, with sales up 14 per cent to $1.5bn. The fastest growth came from respiratory drugs, including asthma treatments, and anti-infectives.

Growth rate in Italy bounced back from January 1995 levels just after the introduction of government controls to reduce spending on drugs with sales up 17 per cent to $739m.

UK sales rose 14 per cent to $546m, boosted by 44 per cent growth in the sales of blood agents, many of which have been launched recently.

By medical area, blood agents led the way, with world sales up 19 per cent to $659m, powered by US growth. The decline in anti-infectives sales in Japan led to a worldwide slowdown, with sales down 3 per cent to $1.29bn.

IMS has also published data on the fastest growing medical areas for drugs companies, suggesting last year's trends are continuing.

World pharmacy drug purchases January 1996 in US dollars (m)

	US	Japan*	Germany	France	Italy	UK	Spain	Canada	Netherlands	Belgium
Cardiovascular	690	254	321	308	152	89	84	61	31	33
Alimentary/Metabolism	759	313	241	225	121	108	72	47	40	26
Central Nervous System	847	90	178	190	78	82	56	52	23	29
Respiratory	555	146	190	131	58	82	53	31	26	20
Anti-infectives	501	208	125	180	107	42	63	24	11	25
Blood Agents	231	165	63	85	43	12	25	21	10	8
Genito-urinary	298	35	65	71	35	30	15	18	10	8
Others	853	457	313	205	145	101	81	55	27	28
Total	4,724	1,658	1,516	1,385	739	546	461	309	176	177
% Change**	14	(7)	14	6	17	14	12	(7)	9	17

* Non-hospital market only

** On same period in previous year, excluding currencies

Source: IMS International

Top sectors

Therapy	% growth 1994/5
Nasal preparations	20
Psychonaleptics	19
Anti-epileptics	17
Systemic anti histamines	16
Cytostatic hormone therapy	15
Systemic anti fungals	15
Anti hypertensives	15
Anti thrombotic agents	14
Urologicals	14
Lipid lowering agents	13
World market	8

Source: Ims Global Services - Pharmaceutical World Review 1996 PreView

INTERNATIONAL ECONOMIC INDICATORS: PRICES AND COMPETITIVENESS

Yearly figures are shown in index form with the common base year of 1985. The real exchange rate is an index throughout; other quarterly and monthly figures show the percentage change over the corresponding period in the previous year and are positive unless otherwise stated.

UNITED STATES

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	101.9	98.6	102.1	99.8	85.0
1987	105.6	100.7	103.9	97.5	76.1
1988	109.9	103.2	106.8	99.4	71.0
1989	115.2	108.5	109.9	101.4	74.8
1990	121.5	113.9	113.5	104.0	73.2
1991	126.6	116.3	117.3	107.3	73.9
1992	130.4	117.7	120.1	107.0	74.3
1993	134.3	119.2	123.1	106.7	76.7
1994	137.8	119.9	126.5	105.4	74.5
1995	141.7	122.2	129.5	104.7	69.0
2nd qtr.1995	3.1	2.1	2.3	−0.5	66.7
3rd qtr.1995	2.6	1.6	2.7	−0.7	68.6
4th qtr.1995	2.6	2.2	2.6	−0.4	70.2
1st qtr.1996	2.7	2.2			71.9
April 1995	3.0	2.1	2.3	−0.6	66.3
May	3.2	2.2	2.2	−0.5	66.9
June	3.0	2.1	2.3	−0.5	66.7
July	2.8	1.7	2.8	−0.2	66.9
August	2.6	1.3	2.8	−0.5	68.9
September	2.5	1.8	2.6	−1.4	70.2
October	2.8	2.3	2.6	−0.6	69.6
November	2.6	2.1	2.5	−0.6	70.0
December	2.5	2.2	2.7	0.0	70.9
January 1996	2.7	2.3	3.5	−0.8	71.8
February	2.6	2.0	2.8	−1.4	72.0
March	2.8	2.4			72.0

JAPAN

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	100.6	95.3	101.4	102.8	118.4
1987	101.3	92.5	103.1	100.1	122.8
1988	102.4	92.3	107.8	96.9	130.9
1989	105.1	94.2	114.0	96.9	123.5
1990	108.4	95.7	120.1	99.8	108.1
1991	111.9	96.8	124.3	104.0	114.2
1992	114.0	95.9	125.6	112.9	114.5
1993	115.4	94.3	125.8	118.9	131.6
1994	116.2	92.6	121.5	118.5	137.1
1995	115.9	92.0	120.1	115.9	138.1
2nd qtr.1995	−0.1	−0.5	−7.3	−3.4	151.0
3rd qtr.1995	−0.2	−0.7	3.7	−0.3	136.5
4th qtr.1995	−0.8	−0.7	3.2	−0.9	126.1
1st qtr.1996	−0.3				121.8
April 1995	−0.2	−0.4	−6.1	−4.5	152.6
May	−0.1	−0.5	−6.1	−3.7	150.3
June	0.0	−0.6	−8.5	−2.0	150.4
July	−0.1	−0.7	6.5	−0.3	144.9
August	−0.4	−0.7	0.4	−0.2	135.9
September	−0.1	−0.6	2.4	−0.4	128.9
October	−0.9	−0.6	2.3	−1.4	126.8
November	−0.9	−0.6	1.2	−0.4	125.4
December	−0.5	−0.8	4.3	−0.8	125.9
January 1996	−0.5	−0.8	−0.1		121.9
February	−0.3	−0.9	2.9		121.9
March	−0.1				121.6

GERMANY

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	99.9	97.5	103.6	103.8	107.5
1987	100.1	95.0	107.9	107.1	110.9
1988	101.4	96.2	112.6	106.9	109.9
1989	104.2	99.3	117.1	108.0	107.5
1990	107.0	101.0	123.5	110.3	109.9
1991	110.9	103.4	131.3	115.0	107.5
1992	116.6	104.9	138.2	121.5	110.5
1993	121.7	105.1	145.6	125.9	111.9
1994	125.1	105.7	150.8	118.1	110.2
1995	127.4	107.5			115.5
2nd qtr.1995	1.9	1.9	3.8		116.5
3rd qtr.1995	1.7	1.9	3.3		115.2
4th qtr.1995	1.7	1.3			115.2
1st qtr.1996					112.7
April 1995	2.1	2.0	n.a.		117.5
May	1.8	1.9	n.a.		116.2
June	1.9	2.0	n.a.		115.9
July	1.8	2.0	n.a.		116.8
August	1.7	1.8	n.a.		114.6
September	1.8	1.9	n.a.		114.5
October	1.8	1.6	n.a.		115.9
November	1.7	1.3	n.a.		115.2
December	1.8	1.2	n.a.		114.4
January 1996	1.5	0.0	n.a.		113.8
February	1.6	−0.2	n.a.		112.9
March			n.a.		111.9

FRANCE

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	102.5	98.0	104.5	101.6	103.4
1987	105.9	98.1	107.8	103.0	104.7
1988	108.8	102.9	111.1	104.1	102.1
1989	112.6	108.2	115.4	105.2	99.6
1990	116.5	107.1	120.6	109.6	102.9
1991	120.2	105.9	125.8	113.4	100.7
1992	123.1	104.3	130.3	115.6	104.6
1993	125.6	101.6	133.7	118.1	107.1
1994	127.7	102.7	136.7		108.6
1995	130.0	109.7	139.5		108.8
2nd qtr.1995	1.6	8.8	2.2		108.4
3rd qtr.1995	1.8	7.6	2.6		106.9
4th qtr.1995	1.9	3.3	2.5		107.7
1st qtr.1996	2.1				107.0
April 1995	1.6	n.a.	n.a.	n.a.	107.9
May	1.6	n.a.	n.a.	n.a.	105.3
June	1.6	n.a.	n.a.	n.a.	105.9
July	1.5	n.a.	n.a.	n.a.	106.8
August	1.9	n.a.	n.a.	n.a.	106.9
September	2.0	n.a.	n.a.	n.a.	107.1
October	1.8	n.a.	n.a.	n.a.	107.2
November	1.9	n.a.	n.a.	n.a.	108.2
December	2.1	n.a.	n.a.	n.a.	107.6
January 1996	2.0	n.a.	n.a.	n.a.	107.4
February	2.0	n.a.	n.a.	n.a.	106.8
March	2.3	n.a.	n.a.	n.a.	106.6

ITALY

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	106.1	100.2	104.8	102.7	101.3
1987	111.0	103.2	111.6	105.5	102.1
1988	116.5	106.8	118.4	109.7	100.9
1989	124.2	113.1	125.6	112.3	105.1
1990	131.7	117.8	134.7	118.8	111.9
1991	140.3	121.7	147.9	129.5	113.1
1992	147.7	124.0	155.9	134.3	109.8
1993	153.9	128.7	161.6	136.7	95.6
1994	160.0	133.5	167.0	137.9	93.6
1995	168.6	143.9	172.2		90.8
2nd qtr.1995	5.5	8.8	2.3		87.4
3rd qtr.1995	5.7	9.0	3.6		92.4
4th qtr.1995	5.9	7.2	3.9		93.8
1st qtr.1996	5.0				98.8
April 1995	5.2	8.2	2.3	n.a.	83.7
May	5.5	9.0	2.3	n.a.	88.6
June	5.8	9.2	2.2	n.a.	89.4
July	5.6	9.2	3.5	n.a.	89.7
August	5.6	9.0	3.4	n.a.	92.8
September	5.8	8.7	3.9	n.a.	94.4
October	5.8	7.9	3.9	n.a.	92.7
November	6.0	7.2	3.9	n.a.	93.6
December	5.8	6.5	3.9	n.a.	95.2
January 1996	5.5	5.9	3.2	n.a.	97.3
February	5.0	4.9		n.a.	98.9
March	4.5			n.a.	100.0

UNITED KINGDOM

	Consumer prices	Producer prices	Earnings	Unit labour costs	Real exchange rate
1985	100.0	100.0	100.0	100.0	100.0
1986	103.4	101.4	107.7	105.1	94.3
1987	107.7	104.9	116.3	107.5	94.5
1988	113.0	108.7	126.2	110.3	102.3
1989	121.8	113.9	137.2	115.1	101.2
1990	133.3	121.0	150.1	122.7	102.4
1991	141.2	127.5	162.4	129.5	105.1
1992	146.4	131.5	173.1	130.5	97.9
1993	148.7	136.7	180.9	130.4	90.3
1994	152.4	140.1	189.5	130.4	91.3
1995	157.6	145.9	197.9	134.6	86.1
2nd qtr.1995	3.4	4.2	4.7	3.0	87.3
3rd qtr.1995	3.7	4.4	4.3	3.5	87.9
4th qtr.1995	3.2	4.4	3.9	4.5	87.3
1st qtr.1996	2.7	3.6			87.9
April 1995	3.3	4.2	5.2	2.7	87.2
May	3.4	4.2	4.5	3.3	87.3
June	3.5	4.2	4.4	2.8	87.2
July	3.5	4.5	4.9	4.1	87.2
August	3.6	4.4	4.2	3.1	88.0
September	3.9	4.4	3.9	3.3	88.6
October	3.2	4.4	4.0	4.1	87.9
November	3.1	4.4	3.7	4.4	87.1
December	3.2	4.4	4.1	5.0	86.9
January 1996	2.9	3.6	4.0	3.1	87.4
February	2.7	3.7	4.6	4.5	[illegible]
March	2.5	3.4			[illegible]

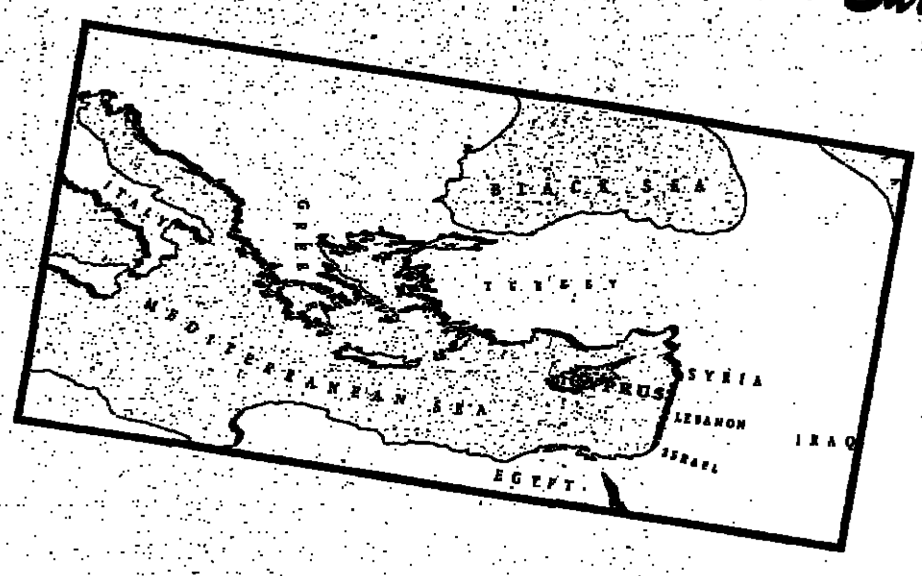
Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA from national government and IMF sources, and by JP Morgan, New York. Consumer prices: not seasonally adjusted. Producer prices: not seasonally adjusted. US – finished goods, Japan – manufactured goods, Germany – industrial products, France – intermediate goods, Italy – total producer prices, UK – manufactured products. Earnings index: not seasonally adjusted, refers to earnings in manufacturing except France and Italy (wage rates in industry). Hourly except Japan (monthly) and UK (weekly). Unit labour costs: seasonally adjusted, measured in domestic currencies. Germany – mining and manufacturing, other countries – manufacturing industry. Real exchange rate: JP Morgan real effective exchange rate index versus 18 industrial country currencies, adjusted for change in relative wholesale price of domestic manufactures. A fall in the index indicates improved international competitiveness.

هكذا من الأصل

Why Cyprus ?

Hundreds of multinational companies have their reasons for choosing Cyprus as their regional base of operations. Here are just a few...

- *Strategically located with convenient regional and international air links.*
- *Excellent telecommunications - direct dialling with more than 200 countries.*
- *Numerous and attractive tax incentives including 26 double tax treaties.*
- *Highly qualified bilingual staff and very competitive operating costs.*
- *A pleasant working and living environment including the lowest crime rate in Europe.*



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NEWS: ASIA-PACIFIC

ASIA-PACIFIC NEWS DIGEST

Japan spending recovers slowly

Further evidence of a modest recovery in Japanese consumer confidence emerged yesterday with a 3.2 per cent year-on-year rise in household spending in February, the second monthly increase in a row.

The improvement, announced by the government's management and co-ordination agency, marks only a gradual recovery, because it comes from an unusually low base, said officials. Spending early last year declined after the Kobe earthquake in January.

The latest result marks a 2.4 per cent decline compared with January 1994, the year before the earthquake, when consumer confidence more comparable.

However, officials see this as evidence of a sustainable turnround from the seven-month run of declines to the end of last December. *William Dawkins, Tokyo*

China M2 up 28.4% in quarter

China's broad M2 money supply grew steadily in the first quarter as banks eased credit, prompting economists to warn of renewed inflationary pressure next year. M2 grew by 28.4 per cent year-on-year in the first three months of the year, with the growth rate dropping by 1.1 percentage points compared with the start of the year, the Xinhua news agency quoted the People's Bank of China as saying yesterday.

M2 increased by 29.5 per cent in 1995, exceeding the official target of 23-25 per cent. The goal for 1996 is 25 per cent.

The growth in M2 was mainly due to a surge in bank credit in the first quarter, the report said. Loans by state banks in the first quarter rose by 26.3 per cent from the start of the year, exceeding the official target by 9.2 percentage points, it said. *Reuter, Beijing*

■ Beijing is to hold an exhibition in early June showcasing advancements in public toilet technology, the Xinhua news agency said yesterday.

China launched a nationwide campaign on offensive facilities in 1994 after President Jiang Zemin complained to the Ministry of Construction that if China could put satellites into space, it should be able to fix up its toilets. *Reuter, Beijing*

Japan shoppers start complaining

Japan's timid consumers have shed some of their bashfulness and come forward in record numbers to complain about defective goods, but it is still extraordinarily hard to get compensation.

Those are the main conclusions of the first report into the working of a product liability law which took effect last July. Then, it was widely heralded by the government as paving the way for an increase in consumer power in a society traditionally subordinated to producers' interests.

In the first six months of the law's operation, from July to December, 1,594 disgruntled people complained to local consumer centres, nearly 2½ times more than the 321 complainers who stepped forward in the same period of the previous year, said the government's Economic Planning Agency.

Before the law came into effect, victims of dangerous or shoddy products had to prove negligence by the manufacturer to claim compensation. Now consumers are merely required to prove that the product was defective and that they suffered as a result of the defect.

The official consumer centres decided that slightly less than half the cases they received in a six-month period – 665 – merited further examination. Of them half were the subject of an official inquiry. The remainder were withdrawn by consumers or settled out of court. *William Dawkins, Tokyo*

S Korea unveils warship plan

South Korea's Defence Ministry yesterday said it planned to build the first in a new class of 4,000-tonne destroyers under its "KDX-II" project. The ship, to be built by Hyundai Heavy Industries, will carry advanced anti-aircraft and anti-submarine weapons. It will cost about Won300bn ($385m) and be completed early in the next century.

"This is not the first destroyer to be built by our country, but it is the largest in scale and the most advanced," said a ministry spokesman.

Construction of destroyers would begin later this year alternately at Hyundai and Daewoo shipyards until 2010, said the domestic Yonhap news agency.

According to Jane's military intelligence, South Korea currently has seven Gearing-class destroyers and nine Ulsan-class frigates. *Reuter, Seoul*

Economists hopeful on Australia

Private sector economists have raised their expectations for Australian growth after the country's recent election, according to Consensus Economics, which monitors forecasts from leading banks and other financial institutions.

The mean expectation for 1996 growth has risen to 2.9 per cent from 2.7 per cent in March. Expectations have been boosted by the publication of official statistics showing strong private sector consumption in the final quarter of 1995. Consumer sentiment was lifted with the removal of uncertainty following the election, Consensus said.

Private consumption is still expected to moderate in coming months, but last year's strong private consumption figures have encouraged economists to raise their forecasts for the economy as a whole.

The mean forecast for 1997 has also been raised to 3.4 per cent from 3.3 per cent in March. *Peter Montagnon, London*

Manila to double infrastructure spending

By Edward Luce in Manila

The Philippine government is to double spending on infrastructure next year but cut funding for the social sector, to keep the budget in surplus for the fourth consecutive year, it said yesterday.

The 1997 budget proposal, still to be approved by Congress, would be the most "fiscally prudent" budget submitted by a Philippine government Mr Salvador Enriquez, budget secretary, said.

By scaling back expenditure on traditional poverty alleviation schemes and other social projects, the government would make room for higher spending on infrastructure and send an unmistakeably anti-populist message to the electorate, officials stated.

"Prudence in government spending would pay off in terms of an increased domestic and international confidence in the Philippines as a Tiger cub and no longer the 'sick man of Asia'," Mr Enriquez added.

The draft budget, which increases spending by 11 per cent to 476bn pesos ($18.2bn) next year assuming gross national product growth of 7 per cent, would almost double spending on infrastructure to 70bn pesos.

International donors, including the International Monetary Fund, have been urging the Philippines to increase infrastructure spending, which, at 3 per cent of GDP, is running at about half the levels of more dynamic Asian economies.

Infrastructure bottlenecks, notably in transport and water, are considered to be constraints on the country's structural growth potential. Last year Philippine GNP grew by 5.7 per cent.

If approved by Congress, government officials say, the budget would also strongly improve the country's chances of being awarded investment grade ratings by the international credit rating agencies.

Both Standard & Poors and Moody's Investors Services last year rated the Philippines at one notch below investment grade, but are scheduled to review the ratings over the next two months.

An investment grade rating would also reduce the cost of Philippine sovereign debt, which amounted to 13 per cent of export revenues in interest payments last year.

Government officials, however, caution that the budget proposal, which would produce a surplus of 14bn pesos, slightly down on 1996, is based on the assumption that Congress would enact a controversial tax reform bill this year.

The bill aims to boost recurring revenues by widening the tax base and targeting tax evaders.

It would replace the government's reliance on dwindling revenues from the privatisation programme.

The bill, by no means certain to pass Congress unscathed, would simplify the tax system from nine bands to three and reduce overall tax rates.

US set to press China on N-trade

By Nancy Dunne in Washington

The US administration will this week thrash out its next moves in pushing China for greater protection of intellectual property rights and curbs on nuclear technology trade.

President Bill Clinton's "deputy's group", including the number two officials in the departments of state, treasury, commerce and the US trade representative's office, will convene after two recent meetings with China failed to produce results.

Last week's talks between Mr Warren Christopher, US secretary of state, and China's foreign minister, Mr Qian Qichen, failed to resolve US concerns about alleged sales by China to Pakistan of ring magnets of the type used to make highly enriched uranium.

If the US decides the sale violates non-proliferation rules, it could ban Export-Import bank financing of US products to China, which resumed last week after being suspended for 30 days pending a State Department review of the sale.

Separate talks in Beijing between Ms Charlene Barshefsky, acting US trade representative, and Chinese officials on intellectual property rights produced "mixed results", a senior US official said. But China will have to show progress if it is to avoid up to $2bn in sanctions on its exports to the US.

US officials have said the president will renew China's Most Favoured Nation Trade status, thus removing the threat of a cut-off from the US market. But Congress will seek action on intellectual property rights and non-proliferation.

It is no longer expected Congress will try to overturn the president's extension of MFN. If the administration seems to cave in to Beijing, a coalition on Capitol Hill is ready to pass its own sanctions legislation.

Options discussed include: banning imports from factories owned by the People's Liberation Army; an import ban on selected sectors; an embargo on Eximbank financing of US sales to China; and requiring congressional approval for US support of China's entry to the World Trade Organisation.

The administration is facing two deadlines. On April 30 it must publish its list of countries which have not made progress on intellectual property rights. The MFN decision must be announced by June 4. This could mean double sanctions and Chinese retaliation against US companies.

India pundits bullish on post-poll outlook

Strong growth is expected, writes **Mark Nicholson**

Indian financiers and foreign investors say they are bullish about the country's economic and investment prospects after elections which begin next weekend, even if India's least predictable poll in years returns a hung parliament and weak government.

Most predict that a strongly buoyant stock market will see bigger inflows of foreign portfolio investment than ever, that corporate profits and industrial growth will continue at healthy levels, and – barring the unlikely election of a majority leftist government – important structural reforms will continue, albeit piecemeal and slowly.

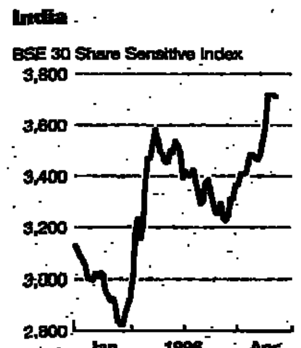
"You will not see the pace of reforms you saw after the last elections," says Mr Ashwini Agarwal, chief analyst with SSKI, a Bombay securities firm, alluding to the rush of liberalisation in the first 100 days of Mr P.V. Narasimha Rao's Congress government, elected in 1991. "There may be hiccups, but I don't expect the economy to turn negative and don't see major reverses."

Seasoned Indian pundits are only guessing the next parliament's political shape, with neither Congress, the right-wing Bharatiya Janata party nor the loose National Front-Left Front political alliance likely to form a majority alone.

But despite the apparent subsidence of Congress support, most expect some form of Congress-anchored coalition to emerge from the horse-trading expected among parties and factions after the poll. "If that scenario works out," says Mr Pradip Shah, chairman of Indocean, a venture capital group, "then, though the situation will not be ideal, there is no need to worry."

Foreign portfolio investors are already anticipating relatively good news. The Bombay market rose more than 200 points last week to close at 3,700 points, pushed by large inflows from foreign, mostly US, institutions anticipating a post-poll rally. "The evidence is that people are piling into this market," the managing director of one foreign institution says.

Almost $1bn of foreign funds has flowed into the Indian market since January, almost the total for last year, and big foreign institutional investors expect inflows to reach $4bn over this calendar year. Foreign investors have already accounted for 40 per cent of all settled deals on the Bombay market since January.



Institutional investors say the Indian market, trading at a price-earnings ratio of 12 times this year's earnings, is cheap by Asian standards, that traditionally slow and awkward settlement procedures have "dramatically improved" recently, and that corporate profits growth is expected to remain at around 25-28 per cent.

Corporate growth is expected to benefit both from new funds available from a more lively stock market and from an expected post-electoral loosening of a tight monetary policy, designed by the previous government to keep inflation in check before the polls.

In the broader economy, financiers say they see little to fear from the manifestoes of the main political parties, and discount protectionist threats raised by left parties and the BJP, including those to curb foreign investment.

"Most of the parties' manifestoes came out quite centrist," says Mr Shah. "While the BJP has said it would prioritise foreign investment, they're not saying no to it."

Fears that anti-foreign sentiment was rising were recently fuelled by a newly ambiguous stand taken towards foreign investment by the Confederation of Indian Industries, traditionally the most vigorous proponent of liberalisation and foreign investment.

A CII document criticised foreign investors for "short-termism", for taking a "cowboy attitude" to Indian partners, dumping outdated technology in the country and preferring expatriate management. The CII has since backtracked on the document and Bombay's investors suggest it represents the view of only a minority in Indian industry, one led by Mr Rahul Bajaj, chief executive of Bajaj Autos, India's biggest scooter maker.

He says 80 per cent of Indian industry will be foreign-owned by early next century. "It's self-interest from a few industrialists who fear they could lose out to competition," one banker claimed.

Financiers, Indian and foreign, believe any incoming government would be forced into a pragmatic acceptance of foreign direct investment, particularly into infrastructure, where power, roads, telecoms and ports may require investment totalling $200bn over the next decade.

But they agree that moves to liberalise investment into consumer goods industries will move slowly, and that a weaker coalition government may also prove more cautious in making further tariff cuts.

Concern is voiced, however, about a weak and potentially fractious coalition government's ability to tighten India's fragile fiscal position.

Further cuts in the fiscal deficit, 5.9 per cent of GDP this year, would require attacks on fuel, fertiliser and power subsidies which leftist components of a coalition, or those elected from rural north India, would strongly resist.

There is some confidence that privatisation of public-sector assets will continue and may accelerate. Finance ministry officials are already preparing for a possible sale of $500m-$1bn of assets in telecoms and the state-dominated energy sector.

Almost $1bn of foreign funds has flowed into India since January, nearly the total of 1995

Taiwan starts early warning for bad loans

By Laura Tyson in Taipei

Taiwan's finance ministry has ordered local governments to set up special *ad hoc* committees to monitor troubled financial institutions in their districts.

The move is designed to prevent the kind of financial crises that has dogged Taiwan's larger neighbour, Japan. Indeed, Taiwanese are fond of describing their country as a "mini-Japan": many things which happen to Japan sooner or later seem to happen to Taiwan too.

The asset inflation bubble of the late 1980s followed by a painful collapse in share and property markets is just one instance where Taiwan fell into the pattern set by Tokyo.

As in Japan, Taiwan has been plagued by a series of deposit runs on financial institutions starting last summer, sparked by troubles in the property market, rising bad loans and rumours of management fraud.

Bad debts had risen to a historic high of 3.1 per cent of total loans outstanding at all lending institutions as of the end of last year.

"We hope to solve the overdue loan problem, and the local governments are in the closest position to monitor those grassroots financial institutions," said a ministry official.

The problems are especially severe among the country's smaller financial institutions, mainly the credit co-operatives and farmers' and fishermen's credit unions – which, ironically, are a relic of Japan's 1895-1945 colonial rule in Taiwan.

In its letter to county and city governments, the finance ministry asked local authorities to focus monitoring activities on those institutions with bad loan ratios above 5 per cent.

Despite some similarities, Taiwan officials say that the woes in the banking industry are not as serious as those in Japan.

"Last summer when the problems began, we were concerned that there might be some systemic risk, but later it became obvious that some financial institutions have problems with internal controls," said Mr Sean Chen, director of the finance ministry's bureau of monetary affairs.

In response, the government is trying to step up monitoring of financial institutions. Mr Chen said that the finance ministry was co-operating with the state-run Central Deposit Insurance Corporation (CDIC) to set up an "early warning system".

"Before the story appears in the newspapers, we have already taken measures," he said. "It is difficult to persuade banks to be taken over, because Chinese like to be the boss even if the institution is very small, but we can try to reorganise the management."

Part of the difficulty in addressing the problem of lax internal controls stems from the fact that responsibility for monitoring and examining financial institutions is spread among several government agencies.

In early April, authorities took steps to streamline regulation of financial institutions. The cabinet ordered the finance ministry and the central bank to put one government agency in charge of examining all financial institutions within six months.

Currently, the central bank is responsible for examining the state-run banks and other older banks while the finance ministry is responsible for the 16 new private banks founded in the early 1990s, trust companies and foreign bank branches. The CDIC and the Co-operative Bank of Taiwan, a state bank, administer examinations for credit co-operatives and farmers' and fishermen's credit unions.

Starting in July, the Co-operative Bank of Taiwan will no longer carry out examinations and its responsibilities for co-operatives and farmers' and fishermen's credit unions will be assumed by the CDIC.

The cabinet has also directed that the interior ministry and the agriculture ministry take over supervision of the farmers' and fishermen's credit unions.

Funds shortage focuses minds at ADB

The bank's soft loan division may dry up before it is replenished, writes **Edward Luce**

Officials at the Asian Development Bank's sleek Manila headquarters are experiencing the beginnings of what could be described as a collective headache.

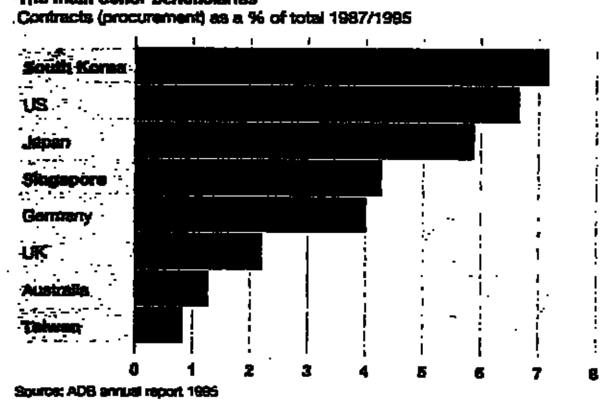
Amid preparations for the bank's annual meeting next week, most minds are focusing on the parallel donors' meeting in Manila this Sunday.

For the first time in the ADB's 29-year existence, the multilateral bank's soft loan division – the Asian Development Fund (ADF) – is in danger of running dry before it is replenished. The fund – lending to poorer Asian countries at a 40-year maturity with 1 per cent repayment per year after a 10-year grace period – is viewed as the cornerstone of the bank's development credentials.

ADB officials say wrangling over US arrears for the previous replenishment in 1992 and pressure on reluctant "Tiger" countries to pay more into the facility mean there is no guarantee that the ADF will be replenished in time for soft loan operations to continue in 1997.

"At this point I see no real solution to the impasse," said a European director at the ADB. "The Americans are not going to honour their debts in time, and the others will be extremely reluctant to contribute to the new ADF without the US arrears having been cleared."

Adding to the complication, the US and others are putting pressure on the newly industrialising countries – notably Singapore, South Korea and Taiwan – to contribute heavily to the seventh ADF which it is hoped will raise substantially more than the $4.2bn pledged in 1992.



The traditional donors say it is time for the "tigers" to put up their money.

"The OECD countries are understandably saying that the richer Asian economies will disproportionately benefit from the increased wealth in the region from ADF lending and should therefore contribute more," said Mr Shoji Nishimoto, chief of strategy and policy at the ADB.

"There is no link between this and the clearing of US arrears."

South Korea and Taiwan, however, are seeking specific political rewards for donating substantially more to the ADF in 1996 (they donated just $15m apiece last time).

In the case of Taiwan, which for political reasons is known as *Taipei, China* at the ADB, the link is seen as unacceptably controversial.

The Taiwanese have offered to donate a large sum to the ADF if the comma – which is taken to mean that Taipei is not the rightful voice of China – is removed from its title. Grammarians in Beijing, however, would almost certainly interpret this as a subversive change of punctuation and veto it.

As one ADB official put it: "That comma is worth around $500m."

Short of a miracle of political sub-editing the donors will, therefore, have to make a moral appeal to Taipei, pointing out that it has the second highest foreign exchange reserves in the world after Japan. Taiwan's willingness to donate, they say, will almost certainly depend on how much South Korea pays.

But politicians in Seoul have an axe of their own to grind. South Korea, which is negotiating entry into the OECD, wants the ADB formally to recognise its economic achievements by granting it extra voting rights in the multilateral bank.

At 5.3 per cent share of the bank's ordinary capital subscription, South Korea is below Canada at 5.5 per cent and Australia at 6 per cent and well behind China and India, which rank third and fourth after Japan and the US.

South Korea, which has linked an increase in voting rights to a "drastic" improvement in its ADF contributions, is, like Taiwan, almost certain to be disappointed because of objections from other Asian subscribers who do not want to see their ordinary share capital diluted.

Lastly there is Singapore, which is possibly the most difficult nut to crack as it is opposed to the ADF (and to subsidies in general) on ideological grounds.

One tactic which might change Singapore's mind is to threaten to exclude the island state from ADF procurement contracts altogether.

Singapore, with 4.2 per cent of total ADF contracts between 1987 and 1995, derived more benefit from the ADF than Germany and almost as much as Japan.

Excluding Singapore from ADF procurement would also be seen as a big political slap on the wrist.

"Denying Singapore the benefits of ADF procurement is one possibility that donors are considering," said Mr Mitsuo Sato, ADB president. "We hope, however, that the situation will not come to that."

The biggest question, therefore, remains: will the ADF run out before a replenishment is agreed?

Senior officials say it is hard to envisage a comfortable end to the process. With an election year in the US, Washington is unlikely to clear much of its debt to the ADF. The Asian NICs, meanwhile, are presenting impossible demands.

Japan, which is to play host to the ADB's 30th anniversary meeting in Fukuoka next year, may pledge extra cash to avert a crisis at the 11th hour, say officials.

Either way ADB staff would be advised to stock up on aspirin for the intense negotiations ahead.

Move to weaken resistance to limited sales for financing debt relief

UK backs formal 'ringfence' for most IMF gold reserves

By Robert Chote, Economics Editor, in Washington

Mr Kenneth Clarke, the UK chancellor, yesterday backed the idea of formally "ringfencing" most of the International Monetary Fund's gold reserves in order to weaken resistance to proposals for limited sales of gold to finance debt relief for poor countries.

Mr Clarke was responding to a proposal by Mr Philippe Maystadt, the Belgian finance minister, to amend the IMF's articles of agreement by inserting a strict limit on gold sales.

Mr Maystadt hopes this will allay the fears of countries like Germany that using limited gold sales to pay for the extension of the IMF's soft-loan facility for poor countries might set an undesirable precedent.

"If I understood it correctly as a way to reduce the resistance to gold sales then of course I would support it," Mr Clarke said.

Senior UK Treasury officials noted that there were less dramatic ways to ringfence the gold, perhaps through a declaration by the Fund's policy-making "interim" committee that no further sales would be made.

But an amendment to the articles – which would require parliamentary approval in many of the Fund's 181 member countries – might provide worried countries with more reassurance because it would be more difficult to reverse.

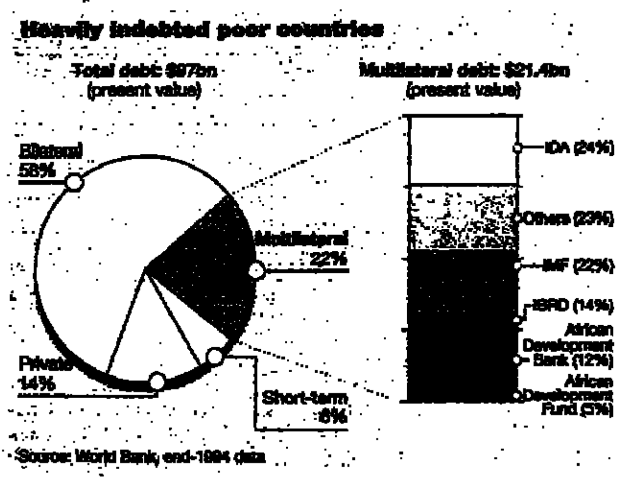
The issue of gold sales was discussed at yesterday's meeting of the interim committee, which comprises finance ministers and central bank governor from 24 countries.

Mr Michel Camdessus, the IMF's managing director, told the committee that 5 per cent of the Fund's gold should be sold and invested to provide half the subsidy needed to put its soft-loan schemes – the extended structural adjustment facility – on to a permanent footing.

Mr Camdessus said the rest of the $3bn subsidy required between 1999 and 2004 should come from individual government donations.

Extending the Esaf – and probably increasing the period over which its loans could be repaid – would be the Fund's contribution to its joint initiative with the World Bank to relieve debt burdens in eight to 20 of the world's poorest countries.

But a succession of G7 finance ministers told the committee that the Fund and Bank were trying to put too much of the financial burden of the initiative on creditor governments rather than financing it from their own resources.



Source: World Bank, end-1994 data

The interim committee also discussed the world economy and a report by Mr Camdessus on the conduct of member countries' national economic policies over the past year. Mr Maystadt suggested that the "Madrid declaration" – the economic policy statement drawn up by the interim committee at the Fund's annual meeting in 1994 – should be updated in the autumn, perhaps to place more emphasis on the requirements for sound policies in developing countries.

The committee agreed that tackling budget deficits remained a key objective for most members, as did the removal of labour market rigidities and other structural impediments to non-inflationary growth.

EU finds common Mideast strategy

By Caroline Southey in Luxembourg

EU foreign ministers yesterday pieced together a common strategy on the conflict in the Middle East, calling for a ceasefire that guaranteed the security of Israel and preserved the sovereignty of Lebanon.

The foreign ministers set aside doubts about France's go-it-alone strategy in the region as well as fears that the US was dominating the terms of a ceasefire between the warring factions. While agreeing to pursue the EU's diplomatic efforts, the ministers welcomed the role played by France as well as the US in brokering an end to the conflict.

The US and France were accused this weekend of delaying a ceasefire agreement between Israel and Lebanon because both have pursued independent diplomatic initiatives. While Israel has backed the ceasefire mission of Mr Warren Christopher, the US secretary of state, the proposals of Mr Hervé de Charette, the French foreign minister, have been endorsed by Lebanon, Syria, Iran and Hizbollah.

The EU foreign ministers avoided specifically backing either of these proposals, calling instead for a deal that was durable and did not affect the global settlement as laid out in the peace process.

"We back all who are trying to reach an agreement. The EU has not presented a plan of its own but is ready to back either of the two plans," Mrs Susanna Agnelli, the Italian foreign minister, said. Italy currently holds the EU presidency.

A number of countries, including Germany, Britain and Italy, admitted that the US was best placed to broker a peace deal. Mr Klaus Kinkel, the German foreign minister, said the US had a "bigger chance of success".

Mr Malcolm Rifkind, the British foreign secretary, said he thought the EU "should allow those who have the best prospects of acting as mediators, which at the moment is the US, to get on with the job".

He did not wish to criticise any country's contribution to efforts to secure peace, but the process should have been "properly co-ordinated from the outset".

Israelis' pinpoint shelling creates barrier for refugees

By David Gardner in Sidon

In a high-speed car, it takes 64 seconds to cross the strip of coast road spanning the Awali river just north of Sidon. For lorries, it takes longer. Which was seemingly why the two Israeli warships lying offshore were firing salvoes of shells on to the road at intervals of about a minute and a half – and then varying the timing to disabuse those running the gauntlet from thinking they could read the pattern.

The shelling of the Awali river crossing, the artery linking north and south Lebanon, was yesterday in its fifth day. It started last Thursday just after Israeli howitzers tore to shreds the UN refugee shelter at Qana, killing more than 100 people, mostly women and children. It has cut Lebanon in half, creating acute shortages of food and medicine in the South, where Israel's unrelenting air and land bombardment continues to empty shattered Shia villages.

Relief workers in Sidon say last Thursday's massacres at Qana and Nabatiyeh triggered a new wave of refugees northwards, and that Sunday's Israeli bombing around Zahrani – the junction south of Sidon linking Tyre and Nabatiyeh, where Israeli bombers destroyed Lebanon's main refinery in 1978 – set off yet another wave.

But unlike most of the 400,000 refugees who poured northwards when Israel began its onslaught on April 11, those now in flight cannot get beyond the Awali river, and relief convoys are being prevented from getting to them by the naval bombardment.

The Lebanese army is building a pontoon bridge across the river further upstream. But Israel has blockaded the ports of Sidon and Tyre and, for the moment, there is no other heavy transport link but the Awali crossing. Hizbollah, the Shia militia fighting Israel's 18-year occupation of south Lebanon, by contrast, does not need the coastal highway. It shifts its supplies – including the obsolete Katyusha rockets it is firing into northern Israel – through the Syrian-controlled Bekaa valley to the east.

North of the crossing, a convoy of Lebanese army trucks carrying blankets and foam mattresses, milk powder and corned beef, was stuck. After more than an hour, the lorries made it one by one, with only one jeep written off, crashing because of the dangerous speed on the pocked road.

The shelling is not conventionally indiscriminate. Clearly marked Lebanese army and UN vehicles are fired on, and the shelling does not stop when Red Cross/Red Crescent lorries pass. The Israeli navy, however, using low calibre shells, is very accurate, hitting the beach-side lip of the road, then the other side, and every so often landing a few in the middle. The psychological effect is impressive. By mid-afternoon, the Israelis were doing the same to the coastal road further north, just south of Beirut airport.

In Sidon itself, refugees are still streaming in. Behind the town hall, 77 of the Qana massacre victims lie in refrigerated trucks, awaiting burial. In front of the town hall is the roundabout with the rusting trellis frame from which Israeli collaborators were hanged in 1985, when, under Shia militia attrition, Israel pulled back its invasion forces to the "security zone" it still occupies in the South.

Inside the town hall, volunteers have handled about 30,000 refugees in 47 centres. The lady in charge has the serenity of a mother superior, but she does not want to be identified because she is from Jezinne, inside the Israeli-occupied zone where she still has family. Despite army and relief efforts, she says, needs far outstrip supplies. "They try, but the [Lebanese] government doesn't have the means to cope. We waited all day yesterday for medicine from Beirut. And blood supplies which never got through."

"The international conscience, the American conscience, sees out of one eye. All they see are the Katyushas," the lady in charge says. "We are looking for justice for the Lebanese. This won't stop until the Americans accept that we, and the Palestinians, have the same rights as the Israelis."

INTERNATIONAL NEWS DIGEST

IMF focus on Russia, Mexico

By the end of next year almost half the International Monetary Fund's outstanding lending will be to Russia and Mexico alone, raising fears that the risks in the Fund's portfolio are becoming too concentrated.

The Fund's financial situation was discussed at yesterday's meeting of its key "interim" committee of finance ministers and central bank governors. But some of the Fund's executive directors have already told their ministers that they are worried by the trends in the Fund's finances.

One national director pointed out that the Fund's five largest debtors already accounted for more than 60 per cent of its outstanding credits and that this proportion would rise to 70 per cent by the end of next year. By then Mexico and Russia alone will account for 49 per cent of outstanding credits.

He added that the Fund's liquidity ratio – the extent to which its liquid liabilities are covered by uncommitted usable resources – was also deteriorating. From a peak of nearly 170 per cent in late 1994, the ratio is forecast to decline to 61 per cent by the end of next year – below the long term average of 70 per cent. Use of Fund general resources is meanwhile predicted to grow from around $39bn at the end of 1994 to $63bn at the end of 1997. *Robert Chote, Washington*

Four confess to Saudi bombing

Four Saudis yesterday confessed on state television to last year's car bombing of a US-run military training centre in Riyadh and said they had been planning further attacks. In confessions broadcast shortly after Prince Nayef, interior minister, announced their arrest, they said they were influenced by Islamic groups outside the kingdom. It was not clear when they were arrested.

The four gave almost identical confessions on their role in the November 13 bombing at the Saudi National Guard training centre, which killed five Americans and two Indians and wounded about 60. It was the worst blast involving Americans in the Middle East since the 1983 Beirut bombing killed 241 US servicemen.

The four said they had fought in Afghanistan and one said he had also fought alongside Bosnian Moslems. They said they had received and been influenced by leaflets from a Saudi national who is alleged to bankroll Moslem hardline groups, as well as Islamic groups in Egypt and Algeria. Prince Nayef's statement said they would be judged according to Islamic law, which applies in the oil-rich kingdom, where the usual penalty for murder is public beheading. *Reuter, Dubai*

Aid boost for African nations

The Commonwealth Development Corporation (CDC), the UK government's official development institution, is to concentrate its efforts on poorer countries, particularly those in Africa, it said in its annual report yesterday. The corporation, whose aim is to contribute to economic development by investing in and supporting sound business enterprises, said new investments were up 15 per cent to $414m, of which 47 per cent was in sub-Sahara Africa.

Lord Cairns, chairman, said spending in the region would continue to rise. "The number of private-sector investors prepared to put money into Africa remains small," but "Africa attracts us because countries have opened up their economies to become market-driven."

Zambia received the biggest share of funds approved in 1995. About $53.2m was spent there; CDC helped with the flotation of Chilanga Cement on the Lusaka Stock Exchange. *Joel Kibazo, London*

NEWS: THE AMERICAS

Prospective accord by Caracas with fund opens way for multilateral aid package worth more than $3bn

Venezuela and IMF agree loan in principle

By Raymond Colitt in Caracas

Venezuela has reached an agreement in principle with the International Monetary Fund for a $1.4bn, 12-month, stand-by loan. Mr Michel Camdessus, IMF managing director, said in Washington yesterday that a basic agreement had been reached with Venezuela "on all the main policies of an economic programme".

The accord comes after eight months of intermittent talks and paves the way for a further loan package from the World Bank and the Inter-American Development Bank. Mr Camdessus said multilateral aid to Venezuela would top $3bn.

Venezuela has already signed a memorandum of understanding with the IADB over a $1bn loan package. The World Bank is to extend $900m in loans, half of which would come from existing but undisbursed credits, to finance social sector programmes as well as a reform of the troubled financial sector.

Minor technical details would have to be worked out but "this would not take much time", Mr Camdessus added.

Mr Luis Raúl Matos Azócar, Venezuela's finance minister, and Mr Antonio Casas, central bank governor, met IMF officials including the managing director over recent days to remove the remaining stumbling blocks to an accord.

Their trip to Washington followed President Rafael Caldera's announcement last week of an economic stabilisation programme introducing market-oriented reform and intended to reduce the country's budget deficit from 6.1 to 2 per cent of GDP. As part of the programme, interest rates were liberalised and petrol prices increased nearly six-fold.

Caldera: Reforms are being reluctantly accepted Picture: Financial Times

The government also floated the bolívar, the national currency, yesterday, after nearly two years of tight foreign exchange controls, and eliminated all restrictions on foreign currency availability. The foreign exchange board was abolished.

Within hours of being floated, the bolívar depreciated to around 500 to the dollar. The rate had been fixed at 290 since last December. "Demand is exceeding supply because few are willing to sell their dollars before they know more or less what the market rate will be," said one trader.

Central Bank authorities admitted that pent-up demand for foreign currency would cause a decline in monetary reserves, but they did not expect massive capital flight. The central bank's international monetary reserves are at about $10bn.

The Caracas stock exchange rallied yesterday on news of the IMF accord. The Merinvest composite index closed at 193.92, up by 3.4 per cent from Friday's close.

According to Mr Boris Molina of the Merinvest brokerage, the market would "stabilise somewhat until it becomes clearer how foreign investors will react".

Under the new foreign exchange regime, commercial banks may not charge a commission or handling fee, and set only a Bs1.25 spread per dollar between the buy and sell rate.

The central government and the state oil company PDVSA, with all its subsidiaries, are required to continue selling foreign currency to the central bank. All other public entities are free to sell foreign currency in the open market.

Mr Caldera had been hesitant to implement belt-tightening measures out of fear of popular unrest.

Yet, unlike the drastic petrol price increases in 1989, which led to rioting that left hundreds of people dead, last week's measures appear to have been accepted, albeit reluctantly, by the majority of Venezuelans.

Republicans in a poor state

Jurek Martin finds a forgotten US primary and a thriving president

US ELECTIONS November 5

Unwanted and almost unnoticed, an important US state, Pennsylvania, is to hold a presidential primary election today, the insignificance of which is prompting some second thoughts inside the Republican party about the order in which states vote for potential nominees.

Pennsylvania, unlike several other large states, did not move its primary forward this year so as to exert greater influence over the selection of a presidential candidate.

What interest there was in the Republican contest evaporated when Mr Pat Buchanan, the only nominal remaining challenger to Senator Bob Dole, the Senate majority leader, decided not to campaign in Pennsylvania.

Of concern to some inside the Republican National Committee is that this year's compressed primary season failed to get around the old problem of small states, in effect, deciding the party's nomination.

Mr Dole virtually secured the prize in South Carolina on March 2, in only the sixth contested primary or caucus, after Iowa, New Hampshire, the two Dakotas and Arizona had voted. Subsequent elections in March – in the three biggest states, California, Texas and New York, as well as on the so-called junior and super Tuesdays – were little more than exclamation points, all won by the majority leader.

The Republicans have now formed a task force to contemplate reform for 2000, the next US presidential election year. At a meeting last week, no guarantees were given that even the traditional campaign openers – the Iowa caucuses and the New Hampshire primary – would be preserved.

Mr Dole may be somewhat relieved that so little attention is being paid to Pennsylvania, one of the industrial belt states which he needs at least to share with President Bill Clinton in November in order to oust him from the White House.

Only last week, the majority leader, characteristically speaking of himself in the third person, declared: "Pennsylvania will be a battleground in November and, if Bob Dole carries Pennsylvania, Bob Dole will be the president of the United States come January."

But a state poll this month has given Mr Clinton a strong 51:34 per cent lead, typical of his current advantage in several of the big, pivotal states. In 1992, Mr Clinton carried Pennsylvania by 45:36 per cent over President George Bush, with Mr Ross Perot taking 18 per cent as an independent. However, Republicans have subsequently won five of the last six elections for state-wide office there.

Other recent state polls that might disturb Mr Dole include those in New York, where Mr Clinton is 13 points ahead in a two-way race and 16 ahead when Mr Perot is added, and in California, where the president's lead has been about 20 points for months.

Even some increasingly Republican states look marginal at the moment. A poll in Virginia, which was carried by President George Bush four years ago, had Mr Dole ahead by only 45:43 per cent, while his lead in Arizona, last won by a Democrat in 1948, was also a mere two points at 41:39 per cent. In Iowa, Mr Clinton leads by a remarkable 53:36 per cent, perhaps reflecting the battering Mr Dole took in the February caucuses which he barely won.

It is these state poll numbers, as much as Mr Dole's current problems in trying to control Congress, that have the White House in an optimistic mood. There had been nervousness that enough of the 31 states carried by Mr Clinton in 1992 were now vulnerable, thus raising the prospect that Mr Dole could assemble a majority in the electoral college come November.

But the hard evidence of the moment points in the other direction.

Long arm of US law threatens business

By Clay Harris

The extra-territorial reach of US law poses a growing threat to non-US companies doing business, even indirectly, with that country, an expert on money laundering said yesterday.

Mr Rowan Bosworth-Davies, senior consultant at London solicitors Titmuss Sainer Dechert, told a conference in Lisbon that US courts had been "consistent in concluding that US law enforcement interests outweigh a foreign nation's interests in preserving the confidentiality of its banking or its business records".

Failure to comply with subpoenas for evidence resulted in "substantial monetary penalties" and contempt of court citations on US affiliates of foreign companies. "The growing frequency of such demands proves that any company which does business in the US must be prepared to deal with such a likelihood," he said.

As a company often had to prove to a US court that it had not been "wilfully blind" to its client's alleged crimes, the need to "know your client" had been taken to a new height.

The due diligence required was "truly awesome," Mr Bosworth-Davies said. "Any new proposed business client who is a US citizen, who proposes to do business on US exchanges, buy US property, transfer money from a US institution, pass money through a US institution or return money to a US institution must become subject to a level of investigation not hitherto contemplated."

A former legal adviser to the UK intelligence agencies MI5 and MI6, meanwhile, told the conference that organised criminals should be declared "illegal international organisations" (IIOs) and made subject to administrative sanctions similar to those applying to "rogue states".

Mr David Bickford, deputy chairman of Strategy International UK, said organised criminals planned their crimes to take advantage of different national legal systems and mutual legal assistance treaties.

A solution, he said, was to treat them as organisations, not individuals. Once they were identified as IIOs, assets would be subject to seizure and forfeiture.

The system would require strict oversight and a forum to determine complaints and claims. Revenue provided by forfeited assets could be applied to the cost of investigation and to the parties which lost revenue as a result.

The conference, by International Conference Group, continues today.

AMERICAN NEWS DIGEST

Protest over harassment suit

Mitsubishi Motors sent employees yesterday to demonstrate against a federal agency that had filed a complaint alleging widespread sexual harassment at its US plant.

About 60 buses full of Mitsubishi employees left Normal, Illinois, in the morning to take part in the protest at the office of the US Equal Employment Opportunity Commission in Chicago, said Mr Glenn Rosecrans, a fire and security specialist for Mitsubishi. The company cancelled its two regular assembly-line shifts yesterday to let workers participate, while being paid for a day's work, he said.

The United Auto Workers union issued a statement at the weekend attacking the prospect of the company-sponsored demonstration. The union represents workers at the plant.

The commission filed a class-action suit against the company two weeks ago, after investigating complaints to it by 29 women who had filed their own lawsuit. The commission said management had turned a blind eye to "gross and shocking sexual discrimination". *AP, Chicago*

Canada N-plant closure

Ontario Hydro's Pickering nuclear generating station near Toronto will be shut for about 10 days because of a flaw in a safety system. The Canadian plant has eight reactors and accounts for 20 per cent of the utility's generating capacity of about 30,000MW. The utility ruled out power shortages because spring demand is normally low and said some of the reactors could be ready for reactivation by Thursday. The flaw was found during routine inspection.

About 16 months ago, a broken pipe caused an emergency shutdown of part of Pickering. Eight months later, Canada's Atomic Energy Control Board ordered Hydro to improve safety. Last week, radio-active heavy water leaked into Lake Ontario and was reported by the Pickering plant. *Robert Gibbens, Montreal*

US reactor damages in view

The US Supreme Court refused yesterday to rule out punitive damages awards for more than 2,000 people who contend they were hurt by the nuclear accident at the Three Mile Island reactor in 1979.

The court, without comment, rejected an appeal by corporations that owned, operated and supplied materials or services to the Pennsylvania plant, site of the worst US commercial nuclear accident. The appellants had argued that a 1988 federal law precludes any award of punitive damages, rather than compensatory damages.

In the accident, a combination of mechanical and human failures let the reactor core lose cooling water and partially melt. Some radioactive gases were released. It took nearly $1bn and more than a decade to remove the damaged nuclear fuel. *AP, Washington*

Cuba criticised on rights

A US congressman said yesterday that the Cuban government was engaged in the most sweeping campaign of political and religious oppression on the island in recent years. Congressman Robert Menéndez, a New Jersey Democrat, said an offensive against political dissenters and religious believers had been stepped up last year, before tensions with the US rose after Cuba had shot down two small aircraft flown by Miami-based exiles in February.

Mr Menéndez, on the US delegation to the UN Human Rights Commission now ending its annual session, is to table a resolution today condemning Cuba's record. *Reuter, Geneva*

Germany 'hit hardest' by beef boycott

By Caroline Southey in Luxembourg

Germany has been hit even harder than Britain by the crisis in the EU's beef market caused by fears over bovine spongiform encephalopathy, or mad cow disease in UK herds, with consumption last week still less than half the levels beforethe scare.

Beef consumption in Germany plummeted by 70 per cent in the first week after the British government's announcement on March 20 of a possible link between mad cow disease and a fatal human brain condition, according to figures released by the Irish Food Board, a government-funded body responsible for promoting Irish food and drink.

By last week German consumption had recovered to 55 per cent of the levels recorded before March 20. In Britain, consumption fell by 37 per cent in the first week, recovering marginally to 38 per cent last week.

The figures appear to confirm the EU Commission's figure that consumption of beef has fallen on average by 30 per cent across the union.

The statistics will boost the case made by Britain's EU partners that the crisis over BSE is as great a problem for mainland European farmers as it is for the UK. It is also likely to add to the resolve of the 14 member states not to lift the worldwide ban on British beef and beef products until Britain has taken further steps to restore consumer confidence.

Mr Ivan Yates, the Irish agriculture minister, said the data proved that EU-wide measures needed to be taken to boost consumer confidence.

The figures were collated from data sent in by the food board's overseas offices and are based on statistics from research organisations and trade representatives. Ireland has been watching consumption in other EU countries particularly closely because of its dependence on beef exports which account for 90 per cent of production.

The research covers Ireland's main EU beef markets – the UK, France, Germany, the Netherlands, Italy, Spain and Denmark.

The results show that consumption in France was down by 40 per cent last week, remaining at the same levels of the first week of the crisis. In the Netherlands, consumption fell by 50 per cent in the week to March 25, but had recovered to a fall of just 10 per cent last week.

In Italy, consumption was still down 30 per cent last week while in Denmark it was down 10 per cent compared with 20 per cent last month.

8An import ban on beef from the European Union would hit hardest the country that professed to be most reluctant to support the EU's ban on British beef exports – Ireland, Alison Maitland writes.

Britain imported 90,000 tonnes of beef from the EU last year, of which Irish beef accounted for 65,000 tonnes, France 11,700 tonnes and the Netherlands 8,200 tonnes.

Ireland's beef exports to Britain last year were worth I£200m ($314m), out of a total of I£550m to the whole EU.

A ban would also hit fast food chains such as McDonald's, which has been importing meat from mainland Europe since banning British beef on March 23.

EU beef from animals aged over 2½ years has been subject to an effective ban since the government stopped all meat of this age from entering the food chain at the end of last month. Beef from third countries such as Argentina and Australia has been exempted.

Mr Nik Askaroff, managing director of ADM, a meat exporting and importing company, backed an import ban on the grounds that other EU countries had BSE – and no regulations on the removal of specified offal from carcasses.

Political agenda for BSE talks

By George Parker, Political Staff

Mr Douglas Hogg, the agriculture minister, headed for home on Friday evening thinking that the worst of the mad cow crisis was over.

Over the weekend, however, Mr John Major the prime minister, ordered that the issue should be cranked up again. Mr Major, backed by senior cabinet colleagues, decreed that beef was one subject on which the governing Conservative party could get tough with Europe without alienating half the party.

The basis for the attack seemed simple. Ministers believe the European Union imposed a worldwide ban on British beef exports without any clear health or scientific justification. Mr Major felt the agriculture commissioner, Mr Franz Fischler, had exposed the flaws in the ban when he admitted he thought British beef was safe to eat.

Mr Major discussed the beef ban with fellow EU heads of state at the G7 summit in Moscow on Friday, and did not like what he heard. So during the weekend the counterattack started. The Sunday Express newspaper reported Mr Major apparently denouncing Britain's EU partners at a private meeting as selfish and unprincipled.

Officials revealed that government lawyers had been ordered by ministers to examine whether Britain could legally retaliate with a "tit-for-tat" ban on all beef imports from the EU. The question of Britain suspending its payments to the EU was also being considered.

But it will not make Mr Hogg's task any easier when he travels to Brussels today to discuss the EU ban with Mr Fischler. Senior Commission officials have already dismissed Britain's threat of a legal challenge to the ban as counterproductive.

Downing Street appears to have concluded that there is little chance of the EU lifting its ban on British beef exports in the near future, whatever they say. Under those circumstances, senior ministers believe they cannot lose if they attack Europe and establish a distinctive sceptical approach towards Brussels.

But if the thinly veiled threats do not play well in Brussels, there were signs yesterday that the policy could fall apart in Westminster too.

Friends of Mr John Redwood, the defeated Tory leadership contender, believe the prime minister is issuing idle threats which he cannot see through. "This is a classic case of John Major raising expectations only to dash them," said one.

Even ministers close to Mr Major believe Britain has no basis for banning continental beef. Party managers are also nervous, remembering how Mr Major rallied Tories behind a campaign to increase Britain's voting strength in Brussels, only to suffer a humiliating defeat.

Coach group wins second rail line

By Charles Batchelor, Transport Correspondent

Rail contracts: the line-up so far

Franchise	Winner	Period (years)	New rolling stock	Subsidy
South West Trains	Stagecoach	7	No	[illegible]
Great Western	FirstBus/Management	10	Possibly	Yes
East Coast Main Line	Sea Containers	7	No	[illegible]
Gatwick Express	National Express	15	Yes	No
Network South Central	CGEA (France)	7	No	Yes
Midland Main Line	National Express	10	Yes	Yes (2)

Notes: 1 Subsidy reducing to zero 2 Subsidy becomes a payment by franchisee in 2000

The National Express coach group yesterday acquired its second passenger rail train operating company with the award of a 10-year franchise to run the Midland Main Line between London St Pancras and Sheffield, to the north of the Midlands.

This brings to six the number of passenger rail franchises to be sold by Mr Roger Salmon, the franchising director, and leaves 19 still to be auctioned.

National Express, which earlier this month was awarded a 15-year franchise to run the Gatwick Express rail line, has promised to make a substantial increase in services and to order new air-conditioned rolling stock.

The coach operator will initially receive a subsidy for taking over the lossmaking line but will start paying an annual premium in 2000. The subsidy will amount to £16.5m ($25.1m) in 1996 but becomes a premium, of £10m, in 2006. Over the life of the franchise National Express will on average pay a premium of £1m a year.

The deal still has to pass the scrutiny of the Office of Fair Trading to see whether the joint operation of train and coach services infringes the competition rules. But Mr Adam Mills, National Express's deputy chief executive, said only 5 per cent of the train company's ticket revenues were affected, mainly discounted Apex tickets.

The Midland Main Line provides fast InterCity services between South Yorkshire, the east Midlands and London, carrying large numbers of business passengers. It employs about 1,100 people and collected £58.5m in ticket revenues in 1994-95. Total revenues, including large contracts to maintain its own and other companies' trains, were £94m.

National Express has asked four rolling stock manufacturers – Adtranz, GEC-Alsthom, Bombardier and Siemens – to bid to supply 12 new two-coach diesel trains to enable it to fulfil its plans for extra services.

The sale of the Midland Main Line is the fourth deal to be concluded in the past four weeks and confirms the rapid progress which is now being made with privatisation of passenger services.

Although franchising is running behind its original timetable – the government said it planned to sell off more than half of the network, by ticket revenues, by this month – it will be largely complete by May 1997, the final deadline for a general election.

The decision earlier this month by Mr Salmon to step down in October, more than two years ahead of the end of his five-year contract, is not expected to delay future sales now that a momentum has been established.

The pattern of franchise agreements has demonstrated a greater variety than appeared likely two years ago, when details first began emerging. The agreements have ranged from seven years, the government's original target, up to 15 years. The longer franchises have the double advantage, for the government, of making worthwhile investment in new rolling stock and preventing a Labour government from tinkering with the franchises for a very long time.

After more than two years in which no new rolling stock orders have been placed in the UK, the prospect of a resumption of orders is improving. Two of the first six franchises have definite plans to order new trains and a third is considering it.

The franchises have also demonstrated that the train operators believe they can squeeze costs and boost revenues sufficiently to reduce the subsidy and in some cases dispense with it altogether.

A distinctive feature of the early franchises is the failure of management buy-out teams to make much impact. Only one of the first six involves managers – although in partnership with a bus company – in spite of original expectations that managements would fare well. The signs are that managers are unable to match the financial muscle of large transport groups.

UK NEWS DIGEST

Thatcher adviser warns on Emu

Sir Alan Walters, the former economic adviser to Baroness Thatcher when she was prime minister, said yesterday that European monetary union would be delayed and that the Maastricht criteria were "nonsense".

In a strong critique of the single currency project, Sir Alan told the Commons Treasury committee that UK membership of Emu would mean new social costs and that damaging regulations would be imposed upon Britain.

He said Germany would "call the tune" on European monetary policy and that the fiscal transfers between countries necessary for Emu to function properly would be "absolutely enormous". These transfers in turn would mean "an enormous increase in Brussels taxation", he said.

"I am sure the UK will break up and become a vassal of a large European state," he told the MPs.

The convergence conditions would not be met but Emu would still go ahead eventually – with Germany, France, Austria and the Benelux countries taking part – due to a "Euro fudge" based on political forces, he said. He proposed alternative Maastricht criteria based on measures of countries' net debt rather than gross debt positions. *Graham Bowley*

New Internet service to start

Mr Richard Branson, chairman of Virgin Atlantic Airways, is planning to launch a Virgin Internet service by the end of the year. V-Net, as the Internet service will be called, will challenge CompuServe, British Telecommunications, and the UK's army of smaller service providers, with what is intended to be a cheaper and easier-to-use dial-up service backed up by Virgin's marketing expertise.

Virgin yesterday refused to name its partner in the venture. But there is speculation that it may be a cable operator, possibly International CableTel, which last month bought NTL, the former transmission arm of the Independent Broadcasting Authority. CableTel is developing a national Internet access service and is seeking partners. It refused to confirm that it was in talks with Virgin. *Financial Times Reporters*

Builders report housing boost

The revival in the housing market has gathered pace in the past few weeks, according to confidential sales figures from more than 30 of Britain's biggest housebuilders.

However, the improvement has yet to feed through into mortgage-lending figures, according to statistics published yesterday. These show that new net lending by banks and building societies in March was £1.44bn ($2.18bn) scarcely changed from the figures for the previous two months.

Returns submitted to the House Builders Federation show that net reservations – agreed sales on which a deposit has been paid – rose by just 1 per cent in the first 15 weeks of this year compared with the corresponding period last year. The rate of increase, however, has accelerated over the past four weeks with net reservations running at more than 5 per cent higher than a year ago. *Andrew Taylor, London*

NatWest's research top rated

NatWest Securities, the broking arm of National Westminster Bank, swept most of the awards in this year's Reuters survey of investment analysts.

NatWest's research was rated highest among London brokers by fund managers and finance directors. The survey also ranked NatWest first for brokers' ability to execute trades and market-making skill and second to SBC Warburg, the London investment banking arm of Swiss Bank Corporation, for broker sales. *George Graham*

NEWS: UK

Money supply grows strongly

By Graham Bowley, Economics Staff

Fears that robust monetary growth may be stoking inflationary pressures were exacerbated yesterday when figures showed that Britain's money supply grew strongly again last month.

The Bank of England, the UK central bank, said that M4, the broad measure of the money supply, grew a seasonally adjusted 10.1 per cent in the year to March, the fifth successive month that growth has exceeded the government's monitoring range of between 3 and 9 per cent. Between February and March, it grew 1.2 per cent, more than double February's growth rate.

The figures surprised the City which had expected a significantly more modest increase. But economists blamed special factors such as the new gilt repo market for the rise. Borrowing of around $1¾bn by Granada Group, the home entertainment and hotels company, linked to its takeover of Forte, the UK's largest hotels group, also distorted the figures.

Lending by banks and building societies grew a seasonally adjusted £5.9bn last month, slightly below City expectations. The 12-month growth rate fell to 9.3 per cent from 9.8 per cent in February.

Separate figures yesterday from the British Bankers' Association showed that total sterling lending by the major British banks – about 70 per cent of all sterling lending – rose a seasonally adjusted £4.4bn ($6.7bn) between February and March, the largest monthly rise since the series began in 1991.

Mr Tim Sweeney, BBA director general, said this was due in part to strong demand for loans from companies within the financial sector. But there was also continued borrowing growth by manufacturing companies, which borrowed about £365m last month, the biggest rise in borrowing for a year.

However, economists said the pick-up in borrowing by manufacturers which began last autumn coincided with a downturn in industry and may be due to "distressed" borrowing by companies as their sales have slipped and stocks have built up. The chancellor of the exchequer and the governor of the Bank of England have both expressed concern about the strong money supply growth and bank lending at recent monetary meetings.

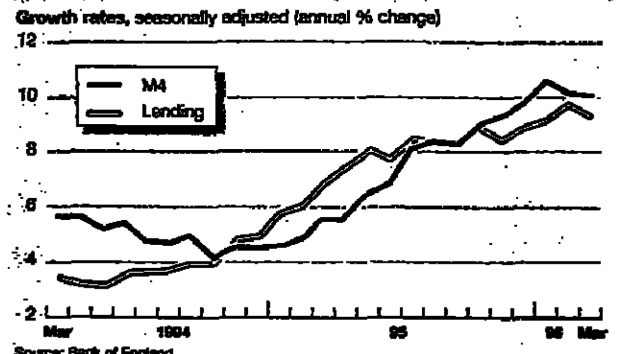
March's M4 figure represents a slight slowdown from the revised annual growth rate of 10.2 per cent in February and the peak of 10.6 per cent in January. But economists said it would still add to the authorities' worries that pressures may be building that could lead to a resurgence in inflation and higher interest rates.

Figures last week showed a sharp drop in unemployment coinciding with a pick up in earnings growth, triggering concern that wage pressures may also be building.

Mr Martin Brookes, an economist at Goldman Sachs, the US investment bank, said concern about inflation beyond the first half of next year meant that the bank no longer expected another cut in interest rates in coming months.

Money pressure builds

Growth rates, seasonally adjusted (annual % change)



Source: Bank of England

Lang pressed to block power company bids

By Robert Peston, Political Editor

The government is facing intense political pressure to overturn the Monopolies Commission's recommendation that the bids by PowerGen and National Power for regional electricity companies should not be blocked.

Mr Norman Lamont, former chancellor, yesterday made a trenchant attack on the commission in a letter to Mr Ian Lang, the trade and industry secretary.

Mr Lang is expected to announce whether the bids can proceed this week, according to senior members of the government.

If the government allows the takeovers to proceed, as widely expected, it will face attacks from members of its own party and the opposition.

Labour may organise a vote on the question, if Mr Lang approves the commission's view. Mr Lamont and other Tory proponents of competition would find it difficult to vote with the government in those circumstances, raising the prospect of a government defeat for the first time since its majority dropped to one a fortnight ago.

Blocking the bids would also raise political complications however. It would increase the chances of National Power falling to a bid from Southern Company, the US utility which last week revealed it wanted to buy the generator if National dropped its bid for Southern Electric, the UK distributor. It would also leave Southern Electric and PowerGen's target, Midlands Electricity, open to foreign bids.

In addition, the government might be forced to block the proposed sales of plant by National Power and PowerGen to Hanson's Eastern subsidiary. The disposals, which were forced on the generators by the industry regulator, will turn Eastern into a vertically integrated electricity group with up to 14 per cent of the generation market compared with PowerGen's 17 per cent.

In his letter to Mr Lang, Mr Lamont said that allowing the bids to proceed would "overturn established government policy towards the electricity industry".

Southern to decide, Page 17

Global ban on landmines backed

By Bernard Gray, Defence Correspondent

In a major policy change, Britain is to urge an end to the weapons' use

Britain is to back calls for a worldwide ban on anti-personnel mines, as a UN conference on inhumane weapons reconvenes in Geneva, the government will reveal today. The decision is a substantial shift in policy for the UK, which has consistently argued that land mines are a useful and legitimate weapon if used with care.

However, opposition to the use of land mines has been growing rapidly, and 25,000 civilians are killed or maimed every year around the world as a result of indiscriminately sewn mine fields.

Bodies such as the International Committee of the Red Cross have been lobbying hard for a ban, and other western countries, including several of the UK's Nato allies, including the Netherlands and Germany, now back an outright ban. The US is also considering dropping the weapons, and the proposal has the personal backing of General John Shalikashvili, the chairman of the US chiefs of staff.

While Britain will now back international efforts to secure a full ban on anti-personnel mines, and may also take a moral lead by beginning to dispose of its own stocks, the changed policy is unlikely to affect the Geneva conference.

Its aims will be more limited, with efforts concentrated on measures such as improving the identification of mines and ensuring that all legal mines have self-destruction mechanisms which are automatically triggered after a set period.

Western negotiators are pursuing these limited objectives because they believe that any agreement on curbing land mines at Geneva must have overwhelming backing. If it does not, it will be flouted by the rogue states which are causing much of the current problem, they argue.

According to Foreign Office officials, gaining a strengthened agreement on inhumane weapons now, which carries widespread international support, would then provide a firm base for future negotiations on an outright ban.

Over 100m land mines are thought to be sewn throughout the world. Most of the victims of these mines are civilians.

Action group hits out at 'spoilers'

By Ralph Atkins, Insurance Correspondent

Infighting among loss-making Lloyd's of London Names erupted yesterday when the leader of one of the most influential action groups attacked others for "putting at risk" substantial improvements to the insurance market's recovery plans.

Mr Michael Deeny, chairman of the influential Gooda Walker action group, said recent negotiations had resulted in "an offer that would represent a total for the action group that would substantially exceed the amounts that we can be confident of receiving from continued litigation".

Gooda Walker members are among the worst hit Names – individuals whose assets have traditionally supported Lloyd's.

In a letter to his members, Mr Deeny, a member of Lloyd's ruling council, writes that the total out-of-court offer for loss-making and litigating Names, currently worth £2.8bn, ($4.25bn) would increase by about £300m.

In addition, the way in which the funds would be allocated had changed to Gooda Walker members' advantage, Mr Deeny tells his members.

However, Mr Deeny expresses anger at action taken by other lossmaking Names to undermine a deal struck with Lloyd's. This would have resulted in the adjournment of a legal case testing Lloyd's ability to insist damages won by Names were used to settle their debts.

Last week rival Names' representatives, which argue their negotiating hand was being weakened, succeeded in having the proposed adjournment rejected. Mr Deeny says some opposing the adjournment were members of the Gooda Walker action group.

He writes: "They bear an extremely grave responsibility for putting at risk a package of proposals of great value to our membership". If the Names won the case, Lloyd's might make a similar offer to that already negotiated, Mr Deeny writes. If Names lost, however, Lloyd's would not have the same incentiveto improve the offer.

TECHNOLOGY

A space probe is providing scientists with a wealth of information, says **Bruce Dorminey**

Secrets of the sun

The Solar and Heliospheric Observatory (Soho), a $1bn (£600m) European Space Agency/Nasa probe, has begun sending back data that should give helioseismologists their most profound look at the sun's inner structure and physics.

Formal announcement of receipt of the first data is planned by the two agencies next week, but already scientists involved in the project are enthusiastic about the information they are obtaining.

"We're receiving data of a far higher quality than helioseismologic experiments which we can achieve from the ground," says Alan Gabriel, helioseismologist at the Institute of Spatial Astrophysics in Orsay, France.

The Soho project fulfils a dream for many of the scientists involved, and has been a long time coming. "We've been talking about Soho since 1975, and the science has developed over the years to make Europe think it worth spending all that money," says Douglas Gough, professor of Astronomy and Applied Mathematics at Cambridge University and co-investigator on three of the spacecraft's 12 instruments. "It took seven years to build and test the spacecraft."

The probe has been placed 1m miles from earth at the Lagrangian point, where the sun and earth are in equal gravitational balance. To obtain high-quality data, being outside the earth's atmosphere is a key factor, says Gabriel.

"The random noise from the sun is even lower than expected, which means we get an even bigger gain by being outside the earth's atmosphere."

No specific discoveries can yet be revealed, and while data has been received since about three weeks after the launch in early December, Gabriel stresses that only extensive examination of the information will give good analysis.

Soho will collect data for at least two years, yet has fuel to last 20. Helioseismologists who study the sun's interior are analogous to terrestrial seismologists, yet they must make their extrapolations at a distance of almost 93m miles. This is why they hope Soho will add to their knowledge.

"The sun's surface pulsates, sending acoustic waves like an oboe, a flute or an organ," says Gough. "It's like looking at the waves on the surface of the ocean. There are waves of small scale, large scale and great swells. It's these great swells of burning gas which are the global oscillations."

Gough has been doing theoretical work on global oscillations since the late 1960s, before they were even discovered observationally. Exactly why the oscillations occur is not fully understood. But they are caused in part by gaseous plasma rotations due to convection in the interior of the sun, not unlike that found in the earth's atmosphere on a hot's summer's day. Except that the sun's convection-driven turbulence causes winds approaching the speed of sound.

Of Soho's three primary instruments for measuring oscillations, the most important is Golf (Global Oscillations at Low Frequency) which takes in all the sun's light, without restricting itself to a particular bandwidth.

"Golf's measurement precision is a remarkable 1mm per second in velocity," says Gabriel, the instrument's principal investigator. "We hope to learn the temperature, density and composition of the sun's interior, as well as the rate of rotation of the deeper layers."

"Using amplitudes and frequencies of the global oscillations, it [Golf] measures the velocity of movement of the sun's visible outer layer. It's the same way that terrestrial seismologists examine the earth's interior."

By determining the range and variety of the oscillations' amplitudes, Golf determines the oscillations' velocity based on visible Doppler (or directional) shifts in the red and blue optical spectrums.

Shifts in the red zone mean the oscillations are moving away from the observer, (as in the "red shift" that is observed in the ever-expanding universe) while changes in the blue zone mean they are moving towards the observer.

Among Soho's other aims is to continue testing Einstein's theory of relativity, basically stating that no matter the location or velocity, the basic laws of physics, including gravity, will continue to apply.

"The theory predicts how the planets orbit around the sun," says Gough, "and the predictions are amazingly good. The measurements are getting more accurate, but now to test between general relativity and competing theories you need to know the precise mass distribution within the sun."

The sun, he explains, is distorted, bulging at the equator like the earth. "You need to know how the sun rotates deeper down to find out how it has been distorted, and the most accurate way of doing that is measuring the rotation directly, which is what will be done by helioseismology."

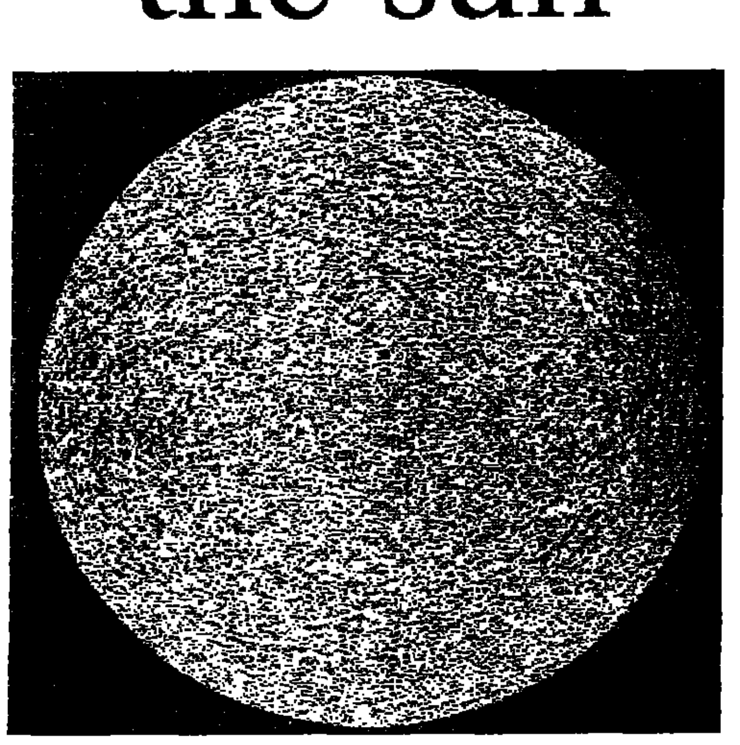
When helioseismologists carry out their intricate rotational calculations, they often turn to the laboratories responsible for developing the hydrogen bomb – Los Alamos in New Mexico and Lawrence Livermore in California – as these national labs are among the few places in the world with the computer power to crunch the numbers.

This has a certain irony, as the sun's centre – where the temperature is 15m°C – is the scene of nuclear fusion. Here, four hydrogen atoms continuously meld to form helium, like one long, never-ending H bomb. Yet unlike a bomb, the sun's massive gravity makes it intrinsically stable.

While its stability will continue for another 5bn years, in its dying phases the sun's luminosity will increase by a factor of 2,000 and cause the earth's oceans to boil.

That still leaves Gough time for his next project, a collaboration on a proposed spacecraft called Stars (Seismic Telescope Astero Seismology). If the European Space Agency funds it, Stars will measure from earth orbit other stars' oscillations and luminosity variations.

"I devoted almost a decade to helioseismology when there were only two or three of us in the world interested in it," says Gough. "But there must be countless numbers of stars like our sun. It's a very ordinary yellow dwarf which means we're studying something that is very typical. And we really want to understand the typical before we tackle the atypical."



Philip Scherrer/Stanford University

The sun as taken by one of Soho's instruments during pre-launch testing

The sun's surface pulsates, sending acoustic waves like an oboe, a flute or an organ. It's like looking at the waves on the surface of the ocean. There are waves of small scale, large scale and great swells

Viewpoint · By David Ashford

The self-financing route to space

Current projects are being driven by politics rather than by common sense

The US space programme has reached the extraordinary stage where Dan Goldin, head of Nasa, said recently that "everyone at Nasa and everyone in the American space industry ought to hang their heads in shame".

He was complaining that it still costs $20m (£13m) to launch a 1 ton communications satellite, despite Nasa's huge spending since the Apollo lunar landing programme more than 30 years ago.

Goldin's fundamental problem is that Nasa policy is driven by politics rather than by engineering and commercial common sense. A simple solution has been understood for more than 30 years. It would enable Nasa to slash the cost of access to space at least five years sooner than on present plans, and would enable its budget for space stations and reusable launch vehicles to be reduced by at least 80 per cent.

This solution is to use existing technology to develop an aircraft that can fly to and from orbit, ie a spaceplane, to replace present throw-way launchers, and operate a small multipurpose space station. These are what the markets actually want, in contrast to the expensive white elephants at present planned by Nasa.

To use existing engines and proven materials, the first spaceplane must have two stages – a carrier aircraft and an upper stage. The carrier takes the upper stage to considerable height and speed before releasing it to carry on to orbit. A single-stage vehicle would require a lengthy research programme to develop advanced engines and structures.

The first spaceplane should also be piloted, because its largest markets involve carrying people to orbit. Nasa currently plans to spend about $1bn developing the X-33 technology demonstrator for a single stage, unpiloted spaceplane. The X-33 itself will not be able to reach orbit.

Nasa also planned the X-34 small reusable lower stage, which would have been a useful stepping stone to a two-stage vehicle, but that has just been cancelled.

A prototype two-stage spaceplane would cost about as much to develop as the present X-33 and the late X-34 together. However, unlike those projects, it would be able to reach orbit. It could therefore be used for launching satellites and ferrying space station crews early in its flight test programme, thereby becoming self-financing and saving the cost of developing the operational version of the X-33.

The development cost of this two-stage spaceplane would be recovered by saving just three Shuttle flights at around $500m each.

Nasa also plans to spend some $40bn on the large International Space Station. Four small space stations, one each for astronomy, atmospheric science, Earth observation, and microgravity research, would offer better science than this single large one, because the various disciplines have different best orbits. The cost would be far less because the space stations could be launched as single modules and would not need to be assembled in orbit.

Four Shuttle flights would be needed to put the four space stations into orbit, rather than the 28 envisaged for the large station. Having launched them, the piloted two-stage spaceplane would be the ideal resupply vehicle, with a cost per flight when mature about 0.1 per cent that of the Shuttle with its large expendable or recyclable components.

Such low costs, equivalent to about $10,000 per person to orbit, will open up large new commercial space markets. These low costs will require rocket motors, heat shields, hydrogen tanks, windows, etc, with airliner standards of long life and low maintenance costs.

Such airliner maturity would take several years of in-service experience and product improvement, and would be achieved sooner with a two-stage design, which requires far less advanced technology.

Goldin could also spare a tear for Europe. It so happens that the only fully reusable spaceplane at present on offer that uses existing engines and conventional aircraft materials for the structure is my company's Spacecab project, based on designs prevalent in the 1960s. They were considered feasible at the time but were not developed because by then Nasa, preoccupied with its part in the Cold War, had locked into a ballistic missile *mind-set*.

In 1993, eight years after the Spacecab design was first published, my company obtained a feasibility study contract from the European Space Agency. Ian Taylor, UK minister of space, subsequently commissioned an independent review of this work that "has not identified any fundamental flaws in Mr Ashford's concept".

The feasibility study showed that Spacecab would cost about the same to develop as ESA's present design for a crew transfer vehicle, but would cost at least 100 times less per flight because it is, in effect, an aircraft rather than a manned capsule launched by a throw-away vehicle based on ballistic missile technology.

ESA paid for the report that tells it this, never questioned the conclusions, and is persisting with the Crew Transfer Vehicle.

As far as the UK is concerned, if you apply to the Department of Trade and Industry for a support grant for preliminary work on spaceplanes, you are told that it is government policy for such work to be sponsored by ESA.

Goldin is obviously quite right to call for a fundamental rethink. Other companies may well come up with better concepts than mine for the way ahead. So why does not Goldin simply ask industry for its best ideas, aimed at large-scale commercial space soon?

The author is director of Bristol Spaceplanes.

I had mixed feelings when I heard that the New Contemporaries series was to be revived. Would it inherit from its grandfather, the Young Contemporaries, something of the inclusive liveliness and whiff of danger that so enlivened the 1950s and '60s? Contemporary carried with it then a real sense of a sideways look and the recognition of one's peers. And if it remained the creature of the major London schools, so what. Its student committee looked inwards to its own rather than to what was expected of it by the great art world outside.

Or would it be like the New Contemporaries, that was born of the Young when factional in-fighting and the exigencies of organisation and finance became too much? The selection then passed from the students to their well-meaning elders, and what was lost in surprise, mischief and sheer variety was made up in terms of reliability and orthodox, academic modernism. There is a world of difference between a fellow arm round the shoulder and a pat on the back.

We need not have worried. *New Contemporaries 96* is the well-behaved child of its conventional parent, albeit still essentially a cockney. Of the 33 artists represented, seven studied at Chelsea, nine at Goldsmiths; only four have not studied in London. The entry was about 1600, which makes the odds against selection a little under 50:1.

So what has the pick of its generation done to warrant preferment?

Well, there is quite a lot of video and photography, some painting, both abstract and figurative, and a little sculpture, if a goldfish in a glass suitcase counts as sculpture. A number of these "works" are mildly engaging, even amusing, including the suitcase by James Chinneck. The Richard Long parody by a partnership calling itself "Leeds United", trying to walk a straight line between pubs, is good for one laugh, perhaps two.

A few things are rather good, if conventionally so – "Strange Ritual", a painting by Sue Kennington that is a knowing cross between Fiona Rae and Gillian Ayres; the systemic linear abstraction of Ashley Elliott. Best of all is the two-screen video, "Goldiggers", by Monika Oechsler, with its ambiguous eroticism of girls in a gym, medicine balls, legs, high-heels. But for the rest, it was at best take-it-or-leave-it stuff, at worst inept.

In this light, the catalogue apologia by Richard Shone, one of the selectors, makes interesting reading. "It was soon obvious that stylistic homogeneity ... was out of the question ... We had to look for anything good of its kind ... This meant a search for striking imagery, for unusual deployment of means, for any attempt to establish a language of paint or ... any consolidation of an existing language ... for anything that carried a serious professionalism of purpose, scale and handling, for paintings free of crushing precedent, for youthful risk and brio."

'Bullitt', 1995 by Philip Jones: 'We had to look for anything that was good of its kind'

Conventional Contemporaries

William Packer on the pick of the student crop at the Liverpool Tate

Well, I feel for him, but "good of its kind"? He does rather give the game away with all that stuff about novelty and striking imagery, language of paint, serious professionalism and freedom from crushing precedent. Why should the student be expected to fly so high and far, like Icarus, before he has put his wings properly together? It seems to me that such imposed expectations as Shone's are part of the problem.

Earlier he had bemoaned, *inter alia*, the poor quality of the life studies and portraits submitted. The real question to ask is why this should be so, the answer simplicity itself. No-one now teaches any of them how to do it. Indeed I doubt if there is anyone left in our art schools who can.

Hence the preponderance of video and photography, and painting based on photographic reference alone; hence the falling-back onto the option of abstraction; hence the evasive emphasis upon imagery above form and true technique. Does Shone truly believe the crude drawing of Philip Jones's "Bullitt", with its embracing figures and motor-car, or Jun Hasegawa's cut-out reclining girl, to be "good of its kind"? Does he really think that by simply painting upon a photograph Alex Veness is doing anything "to establish a language of paint"? Easy pickings is more like it.

Would the small and facile expressionist studies by Chantal Joffe offer any interest at all without their pornographic content? The answer to that lies on the floor below, in the loose compilation from the Tate's collections around the theme of internationalism and British art in this century, *Home and Away*. By the entrance hangs a small nude of 1921 by William Nicholson.

It is very simple, in essence four horizontal stripes – the broad white cloth on the wall behind, the model herself, the sharp green of the mattress and the dark floor. She lies from left to right stretched out on her back, almost at eye level, her head half-turned away, one knee half-raised. It is the sexiest image in the entire place, and it so not just because the subject is a naked and pretty woman, but because it is done with such knowing economy and attention in the paint, and done so well.

New Contemporaries 96: Tate Gallery, Albert Dock, Liverpool, until May 27, then to Camden Arts Centre, London: supported by the Nigel Moores Family Trust.

Musical/**David Murray**

Happy End

For the Nottingham Playhouse, Martin Duncan has staged a brave, enthusiastic version of the Brecht-Weill "gangster musical" *Happy End*. At least we *think* of it as the work of Brecht and Kurt Weill, since they wrote the famous songs ("Surabaya Johnny", the Bilbao Song, the "Matrosen-Tango") – but thereby hangs a tale, and also the ill-starred fortune of the whole piece.

After the huge, unforeseen success of their *Threepenny Opera* in 1928, Brecht and Weill were pressed to devise another "popular" show. Again they had Elisabeth Hauptmann, one of Brecht's many discarded lovers, to write the book (she had translated Gay's *Beggar's Opera* for him). But Brecht was too busy and sought-after to fulfil his role as lyricist until almost the last moment; by then, his anxious collaborators had spatchcocked some previous songs and lyrics – perhaps by Hauptmann as well as Brecht – into the show, on the lamest of dramatic excuses: generally of the form "Now let me sing you a song about X, and *that* will show you what I mean!"

The trouble is that most of Weill's songs suggest depths of sour irony, nostalgia, pain and grief, where the limply farcical book provides no backing for any of those things. It was not Hauptmann's fault that her imagined strife between Chicago gangsters and upstanding members of the Sally Army now looks like a dim first sketch for Frank Loesser's glorious *Guys and Dolls*. Nevertheless it does, to its disadvantage: where every Loesser number registers a decisive step in the action, a gap always yawns between Weill's haunting *Happy End* numbers and their jerry-built theatrical springboards.

At Nottingham Martin Duncan has opted for a cartoon-style production. Broad stereotypes from everybody, vigorously mimed for the furthest end of the pier; candyfloss costumes (Robert Innes Hopkins) in DayGlo hues, with the purple and orange gangsters in 1950s' cut rather than '20s; stark, effective sets and lighting by Wolfgang Göbbel. Michael Feingold's new translation is neatly scatological in the songs but quite deadly in the dialogues, which defeat nearly everybody's efforts to speak them – whether with conviction, or guyed, or in gingerly inverted commas.

Duncan's special *coup* has been to assemble a rather good band from his cast of actors. Only the piano-player (Greg Palmer, who has made the creditable arrangement of the score) and one saxophonist stick to their lasts. Everyone else sometimes acts, sometimes sings, sometimes tootles or strums or bangs, and altogether they make a good fist of it. That lends the show an appealingly communal, fun-for-all air. The scathing undertones of Weill's songs, two or three of them vividly rendered, are left to float free.

At the Nottingham Playhouse until May 11.

Theatre/**Simon Reade**

Emilia Galotti

Classical German theatre still does not play as an important a role in the mainstream British repertoire as it should. Thankfully fringe theatre diligently feeds our hunger for the definitive dramas of European *Kultur*.

Last summer, London's Gate Theatre mounted an impressive "Storm and Stress" season, including a rare Kleist comedy, *Amphitryon*, and Schiller's precocious *The Robbers*. Now the seminal *sturm und drang* writer, G.E. Lessing, is revived at the Courtyard Theatre in Kings Cross with *Emilia Galotti* (1772), a fanciful domesticated tragedy which deeply affected both Goethe and Schiller.

Like impassioned opera (only without the music) *Emilia Galotti* has some choice arias: "That did me good: made my blood boil"; "he who is not maddened by some things has no sanity to lose". Amid this baroque emotional frenzy, each character manipulates Emilia Galotti for their own ends, wilfully seduced by her innocence. They represent the moral corruption of a society on the edge of its reason.

Emilia is the virginal daughter of a fastidious colonel and aspirant mother, both archetypical bourgeois. Emilia learns on her wedding day of the Prince's lustful obsession with her. Meanwhile, the scheming Lord Chamberlain, Marinelli, engineers Emilia's abduction and the murder of her betrothed (to please the Prince, with whom Marinelli is homo-erotically infatuated). Emilia's fate is sealed; appalled at the prospect of her dishonour, she persuades her father to take her life: "I have plucked the rose before the storm could take its bloom" (the new translation is by Mary Luckhurst).

The play requires a psychologically epic production, certainly achievable in this small, intense venue. Christopher Hynes' staging lacks such ambition. The design has no *Konzept*: scrappy carpet rolled out on sandstone brick floor; indecisive, sombre modern dress. The performances are insipid where they need to be furtive and thrilling, bursting at the seams. Some actors do have fun with the kind of bathos prevalent in modern translation: "How's art?" the Prince asks the painter enthusiastically – "Art's wondering where its next meal is coming from."

Lessing begins the play with this debate. The Prince is astonished by a beautiful portrait of Emilia: "Is this your work, or my imagination?" It is both, of course; Lessing is a disciplined artist, a playwright who scintillates our thoughts. We saw this in Cheek by Jowel's compelling 1990 touring production of Lessing's vivid first play *Miss Sara Sampson*. If his plays receive the kind of revival which adequately address the *drang*, then Lessing will take us by *sturm*.

At the Courtyard Theatre, King's Cross until May 4 (0171 833 0870).

Opera in Paris/**Richard Fairman**

Barenboim's grand romanticism

Under Stéphane Lissner's direction the Théâtre du Châtelet in Paris has become the artistic crossroads of Europe. Leading symphony orchestras and opera companies are finding that all roads lead to Paris – a city that is uniquely prepared to pay to get them there.

A British contingent will be arriving later in the year, first with Simon Rattle and the City of Birmingham Symphony Orchestra performing Janáček's *Jenufa* in June, then the Philharmonia for Stravinsky's *Oedipus Rex* as the next stage of its Châtelet residency in the autumn. Meantime, Germany is sending out its finest in the form of the Deutsche Staatsoper, the opera company that used to be number one in former East Berlin and now finds itself promoted to number one in the whole of united Germany.

The man at its head is Daniel Barenboim. There is a sweet irony in this, for if the French master-plan had gone according to schedule, Barenboim would by now be the figurehead of opera in Paris and might have been taking an internationally-regarded Opéra Bastille on tour to Germany.

It was not to be. When Barenboim walked out of Paris, he stepped into the only other operatic job in Europe with an equally enticing future. Political will had determined that Berlin, as the capital of Germany, must have an opera company of appropriate stature. Barenboim has the money to do what he wants and, to judge from the productions he brought to Paris, has stamped his personality on the Deutsche Staatsoper.

The musical performances of both operas – Strauss's *Elektra* and Beethoven's *Fidelio* – were pure Barenboim, grand romanticism which gave no quarter. Either by nature or through hard work, the orchestra has absorbed the deep and rich quality of sound in which Barenboim glories and the reliability of its playing was a constant strength, whatever one might think of the exaggerated nature of its music director's interpretations.

It is no good going into a Barenboim performance cool-headedly, as a detached observer. One simply has to surrender, to accept the very slow tempos at the outset, to be swept along frenetically as a climax approaches, then to sink back and wait for the process to start again. Perhaps surfing offers something of the same excitement – the expectation, the thrill of the big wave, the feeling of being in the grip of a force of nature beyond one's control.

Unfortunately, there are certain kinds of control that one needs a conductor to impose in opera. Barenboim was greeted with a few boos at the end of *Elektra*, simply because he allowed the voices to be drowned. It does not take any special facility to give the heavy dragoons of brass their head in this opera. How much more effective to do it the hard way and search out the detail in *Elektra*, as conductors like Carlos Kleiber and Solti have done.

The result was that the singers succeeded according to the extent that they could be heard. Deborah Polaski has a formidable strength in the middle of her voice and is probably set to be the Elektra of the next decade, even if she never seems to give all she could. Too much of her personality is kept out of sight. Inga Nielsen's Chrysothemis balanced strength and purity of voice (it was easy to imagine reports of her being a fine Salome). Uta Priew was a straightforward Klytemnestra and Falk Struckmann a sturdy Orest.

The lack of hysteria in each of their performances looked to be an intentional feature of the production, though Polaski's physically neutral attitude may have emphasised that. Dieter Dorn, the producer, allowed her to keep retreating to a corner of the set which acted like a sound-box, from where she could concentrate on projecting her voice and not worry too much about movement. Still, the opera's claustrophobic atmosphere was well enough captured. The family relationships were tellingly portrayed.

Stéphane Braunschweig's production of *Fidelio* was much more intrusive. Visually, the staging presented an abstract view of what imprisonment means. The stage was a white box and on each side were compartments or drawers, each one representing the cell of a prisoner. But this overbearing visual concept imposed geometric formality on a drama which is already asking to be released from its theatrical stiffness.

Though Barenboim was here often at his most convincing (the opening of the quartet was a moment of spine-tingling sanctity) he had a less good cast with which to work. Johan Botha's Florestan had problems with intonation. Nadine Secunde's Leonore struggled with a voice that has seen better days in music that needs a technique at the height of its powers. The best singing came from Falk Struckmann as a bullish Pizarro, and René Pape, whose flexible and easily-produced bass is one of the brightest lights among the up-and-coming generation of German singers. A mixture of these two casts will return next year, when the Deutsche Staatsoper and Barenboim return to the Châtelet for Wagner's *Lohengrin*.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● Udo Reinemann: accompanied by pianist Maceij Pikulski. The baritone performs works by Busoni, Liszt and Rachmaninov; 8.15pm; Apr 25

ATHENS

CONCERT
Athens Concert Hall
Tel: 30-1-7282333
● Athens State Orchestra: with conductor Jordi Mora perform works by Wagner, Debussy and Brahms; 8.30pm; Apr 26

BARCELONA

CONCERT
Palau de la Música Catalana
Tel: 34-3-2681000
● Tristan und Isolde: by Wagner. Concert performance by the orchestra and choir of the Gran Teatre del Liceu, conducted by David Robertson. Soloists include soprano Eva Marton, tenor Jyrki Niskanen and baritone Elke Wilm Schulte; 8pm; Apr 25

BERLIN

EXHIBITION
Berlinische Galerie - Martin-Gropius-Bau
Tel: 49-30-254860
● Sergius Ruegenberg (1903-1996). Architekturzeichnungen: exhibition showing architectural drawings by Sergius Ruegenberg, in commemoration of his death last February. The works come from Reugenberg's private collection; from Apr 24 to Jun 9
OPERA
Deutsche Oper Berlin
Tel: 49-30-3438401
● Lucia di Lammermoor: by Donizetti. Conducted by Marcello Viotti and performed by the Deutsche Oper Berlin. Soloists include Manuel Lanza, Lucia Aliberti, Alberto Cupido and Volker Horn; 7.30pm; Apr 24, 27, 30

CAPE TOWN

CONCERT
City Hall Tel: 27-21-4617084
● The Cape Town Symphony Orchestra: with conductor Jorge Mester and violinist Piet Koornhof perform works by Berlioz, Mozart and Dvorák; 8pm; Apr 25

CHICAGO

CONCERT
Chicago Orchestra Hall
Tel: 1-312-435-6666
● Chicago Symphony Orchestra: with conductor Roger Norrington perform works by J.S. Bach, Haydn and Beethoven; 8pm; Apr 25, 26, 27, 28 (3pm)

COLOGNE

CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Orlando Quartet: perform works by Haydn, Kurtág and Brahms; 8pm; Apr 24

COPENHAGEN

OPERA
Det Kongelige Teater
Tel: 45-33 14 10 02
● Die Entführung aus dem Serail: by Mozart. Conducted by Andrew Greenwood and performed by the Royal Danish Opera. Soloists include Lena Nordin, Djina Mai-Mai and John Laursen; 8pm; Apr 25

DRESDEN

OPERA
Sächsische Staatsoper Dresden
Tel: 49-351-49110
● Le Nozze di Figaro: by Mozart. Conducted by Wolfgang Rennert and performed by the Sächsiche Staatsoper Dresden. Soloists include Olaf Baer, Claudia Kunz, Eva Kirchner and Reinhard Dorn; 7pm; Apr 24, 28 (4pm)

DUSSELDORF

CONCERT
Tonhalle Düsseldorf
Tel: 49-211-8992081
● Düsseldorfer Symphoniker: with conductor Salvador Mas Conde, narrator Eckhard Leue and accordionist Edwin Alexander Buchholz perform Beethoven's Symphony No.7 in A major, Op.92 and Roberto Gerhard's Die Pest; 8pm; Apr 25, 26, 28 (11am)

GHENT

OPERA
De Vlaamse Opera
Tel: 32-9-2230681
● Parsifal: by Wagner. Conducted by Stefan Soltesz and performed by De Vlaamse Opera. Soloists include Jorma Hynninen, Christopher Ventris and Ruthild Engert; 6.30pm; Apr 24

HAMBURG

OPERA
Hamburgische Staatsoper
Tel: 49-40-351721
● Il Barbiere di Siviglia: by Rossini. Conducted by Antonello Allemandi and performed by the Hamburg Oper. Soloists include Raul Gimenez, Joszef Gregor, Ning Liang and Dmitri Hvorostovsky; 7.30pm; Apr 24, 27, 30

LONDON

CONCERT
Barbican Hall Tel: 44-171-6388891
● The English Chamber Orchestra: with conductor Philip Ledger and violinist Igor Oistrakh perform works by Beethoven and Mozart; 7.30pm; Apr 24
Wigmore Hall Tel: 44-171-9352141
● Piotr Anderszewski: the pianist performs works by J.S. Bach and Beethoven; 6pm; Apr 24
DANCE
Royal Opera House - Covent Garden Tel: 44-171-2129234
● The Royal Ballet: perform Frederick Ashton's Illuminations to music by Britten, Symphonic Variations to music by Franck and The Dream to music by Mendelssohn; 7.30pm; Apr 24

MADRID

CONCERT
Fundación Juan March
Tel: 34-1-4354240
● Orquesta de Cámara Reina Sofia: with conductor José Ramón Encinar perform works by Halffter, De Falla, Toldrá and Castro; 7.30pm; Apr 24

NEW YORK

CONCERT
Avery Fisher Hall
Tel: 1-212-875-5030
● New York Philharmonic: with conductor Herbert Blomstedt and violinist Viktoria Mullova perform works by Mendelssohn and Bruckner; 8pm; Apr 25, 26 (2pm), 27, 30
Carnegie Hall Tel: 1-212-247-7800
● Israel Philharmonic Orchestra: with conductor Zubin Mehta and violinist Gil Shaham perform an all-Tchaikovsky programme; Apr 25

PARIS

CONCERT
Théâtre du Châtelet
Tel: 33-1 42 33 00 00
● Staatskapelle Berlin: with conductor Daniel Barenboim and soprano Alessandra Marc perform R. Strauss' Vier letzte Lieder and Ein Heldenleben; 8pm; Apr 25

STOCKHOLM

CONCERT
Stockholms Konserthuset
Tel: 46-8-7860200
● Filharmonikerna: with conductor Heinz Wallberg and soprano Ulrika Precht perform works by Schmidt and Bruckner; 7.30pm; Apr 24

TURIN

EXHIBITION
Palazzo Bricherasio
Tel: 39-11-5171673
● Felice Casorati (1920-1940): exhibition devoted to work of the Italian painter Felice Casorati, with special emphasis on the period from 1920 to 1940. The display features approximately 100 works; from Apr 24 to Jun 30

VIENNA

OPERA
Wiener Staatsoper
Tel: 43-1-514442960
● Ariadne auf Naxos: by R. Strauss. Conducted by Horst Stein and performed by the Wiener Staatsoper. Soloists include Ann Murray, Edita Gruberova and Gabriela Benackova-Cap; 7.30pm; Apr 25, 29

ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● Tonhalle-Orchester: with conductor Michael Stern and pianist Bruno Leonardo Gelber perform Debussy's La Mer, Rachmaninov's Piano Concerto No.3 in D minor, Op.30 and the world premiere of Schnyder's Symphony No.4 (Colossus of Sound); 7.30pm; Apr 23, 24, 25, 26

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17.30
Financial Times Business Tonight

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09.00
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

Martin Wolf

Crisis of the welfare state

Doctor IMF's prescription for sharply reducing fiscal deficits by cutting public spending will not be taken by the patients because the medicine is so unpleasant

"The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else." Even the author of these cynical words – Frédéric Bastiat, French 19th century anti-socialist and free-trader – would have been astounded by how far the present generation has proved them. The ultimate *consequence of present* unprecedented levels of peacetime public spending and deficits is likely to be another round of high inflation in the 21st century.

Among the most effective weapons of democratic politicians is to promise more to today's voters than is imposed in taxation upon them, with the consequent fiscal deficits financed by willing, albeit foolish lenders. The latter turn politics into a positive-sum game for today's politicians and voters, the principal victims being future generations.

Once upon a time, the taboo against running fiscal deficits in peacetime prevented this from happening. Along with the gold standard, this was the core of Victorian orthodoxy. Neither rule could be defended against determined rational attack. But their abandonment has led to inflation and soaring public indebtedness.

These do not come at the same time. Even the most *cynical of politicians would* only lower government indebtedness, by default or inflation, when debt has grown to substantial proportions. While indebtedness was increasing, they would profess undying *devotion to price stability*, in order to sell long-term, unindexed public debt at the highest possible prices. But they would be watching for an opportunity to spring an inflation surprise. They might hope to blame the disaster on forces beyond their control, such as soaring commodity prices, and try to re-start the game of debt accumulation almost at once.

The last time industrial countries sprang the inflation surprise, in the 1960s and 1970s, they eliminated indebtedness accumulated up to and during *the second world war*. In the UK, which had enjoyed a long history of price stability, postwar inflation reduced gross public indebtedness from 300 per cent of gross domestic product in 1945 to 50 per cent in 1980, a default equivalent to £500bn-£600bn at 1995 prices.

The next default will be on debt accumulated in peacetime. This, as the latest World Economic Outlook from the International Monetary Fund demonstrates, is what makes today's developments unique.

The sustained deficits of the past two decades are unparalleled for advanced economies in peacetime. The consequence has included significant increases in the public debt burden: in the US, the ratio of the net financial liabilities of general government to GDP has jumped from 23 per cent in 1980 to 52 per cent last year; in western Europe it has risen still further, from 21 per cent to 55 per cent of GDP.

This has not happened because governments have been bad at raising revenue: the average ratio of fiscal revenue to GDP in industrial *countries has risen from* 28 per cent in 1960 to 44 per cent in 1994. But they have been even more spectacularly successful at raising expenditures, which have gone from 28 per cent to 50 per cent of GDP over the same period.

Behind this lies the extraordinary increase in transfers *and subsidies, which jumped* from 8 per cent of the GDP of industrial countries in 1960 to 21 per cent in 1992. Such payments account for roughly one third of GDP in France, Italy, Norway and Sweden. As for the longed-for "peace dividend", it has already been absorbed by transfers.

Still higher spending lies ahead. In Japan, Germany and France, for example, the ratio of pension liabilities to GDP is over 100 per cent. In all three countries, increases in contribution rates of 3½ per cent of GDP would be needed to stabilise the ratio of liabilities to GDP between now and 2050.

One way of looking at how the old benefit at the expense of the young is the controversial tool of "generational accounting". Studies suggest that in the US, Italy, Norway and Sweden, today's young workers will have to pay $200,000 to $300,000 more in taxes over their lifetimes than they will receive in benefits, at present benefit levels, while current retirees may receive $100,000 more in benefits than they will have paid in taxes. With unchanged benefits, *future generations of US* workers would face lifetime tax rates of more than 70 per cent, compared with 20 per cent to 30 per cent for retirees today.

An obvious explanation for the pickle in which governments find themselves is the productivity slowdown since the 1970s, which has raised spending and lowered revenues by comparison with what had been expected. The slowdown may be an obvious answer, but it is far from a complete one. At least three other points should be remembered: first, contrary to the conventional wisdom, globalised capital markets make it easier to run substantial fiscal deficits as long as a government remains creditworthy; second, the tendency to make promises with expensive long-run consequences is endemic in politics; finally, the productivity slowdown is itself partly a consequence of the growing fiscal burden.

High spending has led to high and distorting taxation, while demonstrably failing to create healthy, stable societies. Large deficits and public indebtedness have raised global real interest rates, by 1-2⅓ percentage points on *some estimates. They have* also crippled the efficacy of fiscal pump-priming.

Whether these policies are desirable is, in any case, irrelevant. They are unsustainable. The only question is when and how they will change.

Doctor IMF says reduced fiscal deficits are good for one, *particularly for countries* "that have suffered from extremely high fiscal imbalances and where the action is viewed as necessary to restore government solvency". When countries were successful in reducing their ratios of public debt to GDP, economic growth and job creation increased almost immediately and soon thereafter the unemployment rate declined, both short- and long-term real interest rates fell, and the currency appreciated in real terms.

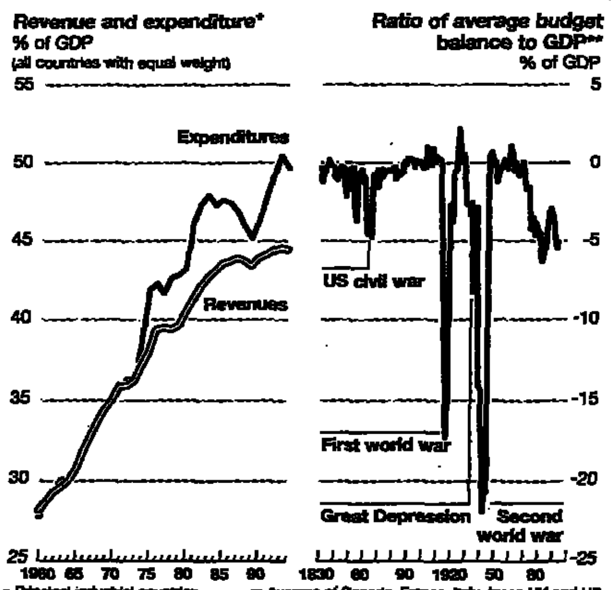
The IMF's prescription is for sharp reductions in deficits, *focused on public spending.* But its chief patients do not have to listen and will not do so, because its medicine is so unpleasant. When real interest rates are well above prospective real rates of economic growth, they must raise more revenue than can then be spent on the things voters actually want, if debt ratios are to be stabilised. That is political poison.

"To be successful," says the IMF, "reforms may have to change habits, social norms and attitudes." Quite so. Such reforms happen only in a crisis. That crisis will arrive only at the point of default. For the majority of industrial countries, that point lies at least a decade or two ahead.

What form would the default take? Almost certainly of inflation. Would such inflation succeed in securing a reduction in the debt burden? Certainly, it would, provided there was a rapid and large enough increase in the price level and the country had a sufficiently long average maturity of debt.

Few governments inflate or default deliberately. They are not that cynical. On the contrary, such disasters occur to *governments driven by forces* beyond their control or even their understanding. Bad policies come to seem the only way out of a desperate situation, with the biggest defaults coming when governments exploit opportunities created by predecessors who would never have conceived of such *a thing. In the meantime*, nothing is more likely to create the conditions for the next inflation than for pundits to bleat that "inflation is dead". It is not. It is merely not necessary, as yet.

The arrival of peacetime deficits



* Principal industrial countries. Source: IMF, from OECD
** Average of Canada, France, Italy Japan UK and US. Source: IMF, from Paul Masson and Michael Mussa

Robin Allen on the prospects for the Iranian economy after the country's general election

A first step on the road to reforms

The strong performance of moderates in Iran's election on Sunday may at last have given President Hashemi Rafsanjani the opportunity he needs to start implementing urgently *needed economic reforms.*

Supporters of the reformist faction called the Servants of Iran's Construction will have about 80 seats in the 270-seat *majlis*, the parliament. About a third of these seats were won from the hardline conservatives known as the Assembly of Combatant Clergy, who dominated the previous *majlis*. No group now has absolute control.

Once a wealthy oil-producer, Iran is currently better known abroad for its support for Islamic revolutionary groups – *including the Hizbollah* guerrillas now confronting Israeli troops in Lebanon – than for its economic prowess.

Annual per capita income, according to the central bank, is only 1.84m rials – equivalent to $450 at the black market exchange rate.

Soaring inflation has debased the currency and reduced living standards. US sanctions are hurting Iran's oil industry and restricting the *flow of international* investment. Low oil prices mean less revenue while the surge in population is stretching state resources.

"The heart of the matter," says a prominent private-sector businessman, "is that, whereas in the latter half of the 1970s the government's *annual oil revenue was $22bn* for a population of 30m, it is now $14bn for a population of 60m."

An average monthly public sector salary in 1979 was worth about $500, and a Paykan, a locally assembled car, could be bought for the equivalent of less than $4,000. These days, *the average public sector* salary amounts to about $100, and the car costs $13,000.

"Annual public-sector wage increases are pegged at 20 per cent," says the businessman. "But actual inflation is between 65 and 100 per cent. People can't make ends meet."

Many of the reformers who did well in the latest election want *to encourage foreign* investors and reduce the subsidies which support millions of poor Iranians and prop up loss-making state companies.

The opponents of change fall into four main categories. The first, Iranian businessmen say, is the country's clergy, whose chief concern is to retain the political power and *control of state funds* they won as a result of the 1979 revolution.

The second source of opposition to reform is the *bazaari* merchants, wealthy traders who are often far removed from the innovative private sector investors the country needs.

The third are the bonyad, foundations created by the clerics, which took control over the immense corporate empires and real estate holdings of the former Shah's family. The *bonyad* have a reputation *for inefficiency and* corruption.

The richest and most notorious, according to Iranian analysts, is the *Mostazafan* (the foundation for the deprived), which is controlled by the *Islamic Revolutionary* Guard Corps.

The fourth element of opposition to economic restructuring is Iran's 17 million workforce. "For the last 40 years," says Dr Mehdi Behkish, chairman of the international affairs commission of Iran's chamber of commerce, "everyone in this country, including me, has been fed, not by his own efforts, but on oil money handed out by the state."

> Many reformers want to encourage foreign investors and cut subsidies which support millions of poor Iranians and prop up lossmaking state companies

But the state's coffers are dry. "Now you have to teach people to work, to compete, to *be efficient*," says Dr Behkish.

That task will not be easy, even with the president's support. Mr Rafsanjani's second four-year term expires in August next year, and he is barred by the constitution from standing for a third term.

"It is not simply a question of revenue and expenditure; nor of sticking to repayment schedules on outstanding foreign debts," says one senior diplomat. "There has to be a wholesale transformation of the economy away from an oppressive state system to one where the private sector is allowed to breathe."

Local and foreign private-*sector investors* find obstacles at every turn. Industrial Investment of Iran, a holding group established by banker Mr Parviz Aghili and others to help channel money into privatisations, is still waiting after two years to get a central bank licence.

Conflicting legislation, a hostile bureaucracy and strict Islamic laws deter foreign companies even from the country's embryonic free trade zones, which offer incentives to foreign investors.

Everywhere, say private businessmen, there is talk of greater economic liberalism and of the impending departure of the more obscurantist clergy from active political life. But Iran continues to spend money on Russian submarines, on missile emplacements on disputed islands in the Gulf, and on exporting Islamic revolution.

Even when the country's clerical leaders focus on problems at home, they are likely – for fear of popular anger – to move slowly in dismantling the subsidies on which their influence *largely* depends.

·LETTERS TO THE EDITOR·

Number One Southwark Bridge, London SE1 9HL

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Hong Kong more than just money machine

From Mr Ian Strachan.

Sir, Mr Patrick Wye (Letters, April 17) is right to acknowledge Hong Kong's great economic vitality. We have moved from a third-world to a first-world city in a generation. Hong Kong is now *the world's eighth largest* trading economy.

We are not a welfare state, but our economic success has enabled us to cope more effectively with those who – through no fault of their own – *fall by the wayside amid this* growing affluence. We have been able to double social welfare expenditure within the past four years, while nonetheless cutting taxes and keeping public expenditure below 20 per cent of gross domestic product.

Hong Kong is not just a money machine. It is also a caring, civilised society, which combines great economic dynamism with an ability to *look after those in need. And it* has a government which – far from being a dictatorship – is accountable to a vigorous, elected legislature which has substantial powers, including the duty to approve how public money is spent.

Ian Strachan,
director of social welfare,
Hong Kong government,
8/F Wu Chung House,
213 Queen's Road East,
Wan Chai,
Hong Kong

PFI must not be cosmetic exercise

From Mr Dan Corry.

Sir, It is good to see Philip Stephens getting away from the detailed rows about exactly how the private finance initiative is working, to focus on its core implications ("Buy now, pay later", April 19). For *those who believe that public* investment is worthwhile, the PFI may be a necessary evil, but its implications should be well understood.

In the first place, at its heart is usually a simple shift in the timing of expenditure. *Quite* why the all-knowing financial markets seem so relaxed about a public sector borrowing requirement reduced in the short run by such a wheeze, is a mystery. One hopes that the coming of resource (accrual) accounting to the UK will reduce the temptation to use the PFI merely to affect the time profile of expenditure.

Second, the efficiency gains from using the PFI will have to outweigh the well-known extra *financing costs of using the* PFI – as no doubt it will in some cases. But the government must publish far more information about these extra costs and benefits so the public to see that value for money is being achieved.

Third, we must be aware that a PFI-driven deal will be different from a conventionally financed project.

The way that the service will be delivered, the way management behaves, even the projects that are started, will change and so the PFI will start to determine the shape of our public services. Over the long run, this may have implications both for the exchequer and the public.

A well-run *PFI is a useful* addition to the delivery of good public services. A shoddy one, forged in the need to make the accounts look better, will do nobody any good in the long run.

Dan Corry,
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Tacit acceptance of Krajina Serbs' fate

From Mr Yugo Kovach.

Sir, Your report "Aid for Bosnian Serbs tied to ousting of leaders" (April 15) quotes Carl Bildt, the high representative to Bosnia-Hercegovina, as saying: "The only money I intend to benefit Mr Karadzic [the Bosnian Serb leader] personally is for his upkeep in The Hague." In his previous role as the EU's mediator for former Yugoslavia, Carl Bildt was also outspoken about Croatia's invasion of the UN *protected Krajina last year*, stating that President Franjo Tudjman must be held responsible for the shelling of Knin just as the Krajina Serb leader, Milan Martic, had been indicted for a rocket attack on Zagreb.

The invasion quickly culminated in the expulsion of 175,000 Krajina Serbs from their 400-year-old homeland, nothing less than the largest single instance of ethnic cleansing within Europe since 1945. Croatia achieved its goal of an ethnically pure state. In contrast, the expelled Krajina Serb nation faces "historical" extinction, which by international convention qualifies as "*genocide*". President Clinton's reaction to the invasion and its cleansing was to accent the positive, namely that the prospect of a settlement in neighbouring Bosnia had been brought forward. *To add insult to* injury, the initial month or so of Croat military occupation was marked by the well documented random murders of several hundred of the elderly Serbs who had stayed behind as well as the torching of tens of thousands of abandoned dwellings.

The Hague tribunal has failed to issue a single indictment in connection with the expunging of the Krajina Serb nation. This is tantamount to condoning the concept of "benign" ethnic cleansing. Graver still is a widespread unwillingness to acknowledge that the world's sole superpower tacitly encouraged ethnic *cleansing in* a land far removed from its shores for reasons of realpolitik and domestic political advantage.

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Arguments on capitalism must recognise the problems

From Dr Julie Froud, Dr Colin Haslam, Mr Sukhdev Johal and Mr Karel Williams.

Sir, Martin Wolf ("No answer in Germany", April 16) uses complacent arguments and evidence to attack Will Hutton and the whole *debate* about forms of capitalism and stakeholding. In this context, his reference to Orwell and patriotism is mistaken and ironic.

Left intellectuals like Hutton may admire foreign forms like Rhineland capitalism. But right intellectuals like Wolf also have a model of how capitalism should be when they recommend competition. What else does this involve except making the world more like economic theory in general and the US in particular?

Citing aggregate evidence on productivity and employment creation proves nothing about the superior performance of the Anglo-American form. Centre left *critics* of that form, like Will Hutton in the UK or Robert Reich in the US, are more concerned with the unequal division of prosperity between different social groups.

The important intellectual line of division is not between those who do or do not have ideal type models of national capitalism but between those who will or will not admit that late *capitalism* creates distributional problems.

Hutton's work, like the broader debate about stakeholding, may not have the answers but at least it does begin to recognise the problem.

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FINANCIAL TIMES

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Beneath the Olive Tree

The victory of the centre-left Olive Tree alliance in the Italian elections marks a notable watershed for that country: the first time there has been a left-dominated government since the war. The result also amounts to a clear signal from the electorate, and holds out the prospect of (for Italy, at least) a stable administration. That should be welcomed both by the financial markets, and by Italy's European partners.

The rightwing Freedom Alliance, the alternative coalition led by Mr Silvio Berlusconi, was punished for its own mistakes in 1994, and for the contradictions within its leadership. Mr Berlusconi failed to resolve the conflict of interest between his position as a political leader, and his ownership of three television channels. His ally Mr Gianfranco Fini, leader of the hard-right National Alliance, never quite succeeded in distancing his party from its fascist roots.

As for the victory of the Olive Tree, that owes more to the successful capture of the centre ground in Italian politics, than to any serious swing to the left. The obvious concern is the coalition's need to rely on votes from the Reconstructed Communists, the (unreconstructed) core of the old Communist Party, to have a majority in parliament. Yet that may be less alarming than it appears. On specific economic policies, like privatisation, which the communists cannot accept, the populist Northern League can almost certainly be persuaded to provide an alternative majority.

The new government must split its tasks two ways. In the first place, it faces a heavy agenda in dealing with the ongoing business of government, including the long-term commitment to budget discipline, and the fervent desire to make the grade (eventually) for membership of European economic and monetary union. Second, it has urgent matters of electoral and constitutional reform to deal with.

The first requires tough budgets, both immediately, to correct the 1996 plans, and for 1997. The caretaker administration of Mr Lamberto Dini, a member of the victorious alliance, should push through an instant mini-budget, with spending cuts or increased revenues to fill a hole of some L10,000bn. That would relieve the pressure on the future government, and could start a virtuous circle, enabling the Bank of Italy to reduce its official discount rate.

Other top economic priorities include privatisation, which requires setting up the necessary regulatory authorities in parliament, such as for telecommunications, something opposed in the last parliament by both far left and far right. And the government must press ahead with further labour market reforms, for example by accepting a difference in wage rates between the north and south of the country – another very sensitive issue.

One of the more worrying results of the election has been the success of the Northern League, which won 59 seats in the lower house. It thus remains an unpredictable force to be reckoned with. The new government will have to press ahead with constitutional reforms, to provide more devolution of power to the regions. It must also reform the electoral system. It is as challenging an agenda as any faced by a current European government. But at least the new coalition can claim a genuine electoral mandate, and the prospect of more than a few months in power.

Beef bans

The UK government is touting the idea of a total ban on continental beef imports in retaliation for the European Commission's refusal to lift its worldwide ban on British beef exports. Even Mr Malcolm Rifkind, Britain's sober-minded foreign secretary, refused publicly to rule out such a step yesterday. That does not lessen the fact that it would be an act of gross irresponsibility.

In reality such a step is unlikely to be taken. It is gesture politics of a kind only too familiar in recent British ministerial rhetoric about the European Union. Mr John Major is aggrieved at the Commission's action and worried about the backlash from his party's Euro-sceptics. By raising the spectre of a Europe-wide escalation in the beef crisis he is seeking to pressurise the Commission.

The appropriate way to challenge the ban is by bringing a case before the European Court of Justice, as the government is proposing to do in any event. This will take time. But an application to have the ban lifted temporarily could be made within days if ministers moved quickly in presenting their legal grounds for a suspension of the ruling.

A retaliatory import ban would appear to be a violation of the single market. It might also legitimise further barriers elsewhere, for instance in response to devaluations. Moreover, imports of EU beef from animals more than two-and-a-half years old have already been effectively banned since the government last month prohibited cattle above this age from entering the food chain because of the BSE risk.

The UK was a leading pioneer of the single market and is a frequent critic of other states for failing to implement single market directives. It would be folly to jeopardise this achievement.

Sunk costs

Eurotunnel should be admired, at the very least, for its chutzpah. The Channel tunnel operator, announcing net losses of £925m in 1995, nearly two and a half times *greater than the previous year,* called for the ferries to rationalise their services.

Cheeky, but right. Like many large infrastructure projects in the UK, the tunnel would never have been built had the costs and revenues been predicted more accurately. However, despite Eurotunnel's financial plight, the operating company underneath is valuable and *capable of fighting a* battle which its rivals cannot win. Its best weapon is simply that the tunnel now exists.

Eurotunnel's statement that the first full year of operations was "disappointing financially" is uncontentious. But the dominant feature of the figures is that financial charges accounted for £768m of the net loss, of which £118m represents interest unpaid since mid-September. The results suggest that Eurotunnel is likely to be commercially viable only when some debt has been written off.

That is a step which Eurotunnel's 225 banks have been reluctant to accept. Eurotunnel has been in negotiations with them since last September when it suspended interest payments on £8.1bn of debt after deciding that it could not cover interest payments for many years. It reported yesterday that little progress had been made in bank negotiations since its previous announcement to shareholders in February.

The legacy of its original financing aside, the operation of the tunnel represents a potentially healthy business. Last year's turnover, at £299m, was ahead of projections made in October. More significantly, Eurotunnel reports a positive operating cashflow in 1995 of £101m, which more than covered capital expenditure in the period of £69m.

The outlook for operating cashflow – *and hence for the value of* the operations – remains unclear. Eurotunnel announced yesterday that it now has about 75 staff in the capitals it serves, compared with 275 in 1991; there is scope, however, to trim operating costs further. However, many factors remain beyond its control, such as the performance of the railway companies which are entitled to 50 *per cent of the tunnel's capacity.* Eurotunnel says they "should contribute over 40 per cent of our total revenues in the years ahead" but has complained repeatedly that the companies have failed to develop their traffic in line with those predictions.

None the less, the tunnel is capable of fighting a tough battle with the ferry operators because its operating costs per passenger are always likely to be lower. Last year's increase of passenger traffic through the tunnel coincided with Eurotunnel's decision to slash its prices for duty-free alcohol and tobacco, putting immediate pressure on ferry margins. However bitter a price war they fight, the ferries cannot drive the tunnel out of existence. Nor can a tunnel be downsized; it is there to stay.

Any operator of the tunnel stands the best chance of maximising the value of the business by pursuing an aggressive pricing strategy against the ferries, if necessary for years. There is a lesson here for the banks. Whatever the vagaries of the refinancing negotiations, their long-term interest lies in the price-competition strategy that stands the best chance of protecting the value of the underlying business.

A toehold on power

The left's victory in Italy's elections is historic despite the slender margin, says Robert Graham

Despite the close result, Sunday's general election in Italy appears to have produced an historic outcome.

The majority in both houses of parliament for the centre-left Olive Tree alliance makes the left the dominant partner in government for the first time since 1946. The alliance's programme of pragmatic reform, fiscal discipline and firm support for European integration also gives Italy the chance to return to the agenda of sound government begun by the Amato administration in 1992.

That reform agenda was interrupted by the 1994 general election which brought to power a government led by Mr Silvio Berlusconi, the media magnate and leader of the rightwing Freedoms Alliance which yesterday conceded defeat. Its aggressive campaign to curb the power of the judiciary and weaken Italy's public finances with an unjustified tax cut frightened off the moderate vote and led to its defeat.

As Mr Paolo Franchi, the commentator for Corriere della Sera, the leading daily, observed yesterday: "The Alliance failed to bring together the electorate on the right with the moderates and thus lost the centre vote."

The failure raises doubts over the political future of Mr Berlusconi, whose Forza Italia movement scored 20 per cent of the vote, making it the second-largest party. His supporters appeared indifferent to his trial on corruption charges.

The next parliament will act to resolve the conflict of interest between Mr Berlusconi's political ambitions and his ownership of three television channels through the Fininvest empire. Forced to chose between business or politics, he may decide to forego the latter – orphaning Forza Italia and leaving it vulnerable to break-up.

His main partner, Mr Gianfranco Fini, leader of the rightist National Alliance, is also a big loser. In January, he sabotaged the formation of a new government because he believed he would emerge victorious from a spring election.

But he has been badly mauled for failing to distance himself and his party from their neo-fascist past, and the National Alliance took 15 per cent of the vote, less than he had hoped, as he admitted yesterday. He has also failed to supplant Mr Berlusconi for the leadership of the right and could now return to the marginal position he held in Italian politics before the March 1994 general election.

The deathly silence of the right on election night spoke for itself. Equally eloquent was the boisterous celebration of the Olive Tree supporters – even on the prospect of a slender numerical triumph.

The dominant partner in the eight-party centre-left alliance is the Party of the Democratic Left, heir to the old Communist party and now wedded to a social democrat philosophy. It provided the organisational muscle in the Olive Tree and remains Italy's largest party with 22 per cent of the vote.

But central to winning the crucial centre vote was the backing of the former Christian Democrats, reshaped in the Popular party, and the entry of Mr Lamberto Dini with his moderate Italian Renewal. As caretaker premier, Mr Dini was barely able to campaign – distracted by his government duties and the EU presidency, held by Italy since January. However, he won almost 5 per cent of the vote – more than half that of the Popular party and the grouping of Mr Romano Prodi, the leader of the Olive Tree.

Another contribution to the centre-left victory came from the decision by the populist Northern League of Mr Umberto Bossi to fight alone in the north. This produced a three-cornered fight in Italy's rich industrial heartland. Though the league campaigned on a strongly secessionist ticket, the party increased its share of the vote at the expense of the right, winning 11 per cent nationwide.

"There is a wind of secession in the north, especially in the Veneto area," observed Mr Giorgio La Malfa, head of the small Republican party who just managed to save an Olive Tree seat in Venice against a strong League challenge.

Mr Bossi's aim is to play a role similar to that in Spain of Mr Jordi Pujol, the Catalan leader – wringing concessions on a federal structure and devolution of fiscal control in return for guaranteeing a parliamentary majority. But the size of the centre-left victory suggests Mr Bossi may have much less leverage than he expected.

"The government will be formed on the basis of the programme we [the Olive Tree] have submitted to the electorate," Mr Prodi said in his victory speech. "We will not change this. First because the voters have backed it and second because the financial markets have reacted favourably."

Sticking to the 80-point programme of the alliance allows Mr Prodi to make clear that he will not bend to demands from Reconstructed Communism, the hardline of the old Communist party. Among *their demands is a return to* indexed wages (the so-called *scala mobile)* abolished with union approval in 1993.

Commentators have focused on the difficulties the coalition government may face from relying on the votes of these nostalgic marxists. However, Italians are used to operating coalitions and the centre-left and Reconstructed Communism are already co-operating at regional and local level. If the hardliners prove recalcitrant on economic issues such as new taxes or privatisation, the government should be able to count on the support of the Northern League.

A more sensitive issue is likely to be the power of Mr Prodi and the future of Mr Dini. Mr Prodi has helped the Olive Tree appeal to the Catholic vote in the centre but he remains reliant on the organisation of the Party of Democratic Socialism. Mr Dini on the other hand has kept a measure of independence from the reformed communists and has proved himself in office both as a technocrat and a politician.

The Olive Tree must stick with Mr Prodi for now. But the cumbersome procedures for organising a new parliament and forming a new government will take at least a month. Mr Dini is still head of a caretaker government with his prestige now reinforced. Until he makes his peace with Mr Prodi, he must remain a rival.

Olive Tree alliance grows on the financial markets

A government formed from a loose coalition of ex-communists, environmentalists, central bankers and former Christian Democrats, needing the backing of either Marxists or hardline federalists, does not look like the financial markets' dream ticket.

But analysts said yesterday they believed that the centre-left Olive Tree alliance had a better chance of sorting out Italy's financial and economic problems than the fractious centre-right coalition led by Mr Silvio Berlusconi which emerged from the 1994 poll.

The reaction on the bond, equity and currency markets yesterday was euphoric, with the lira strengthening to L1,023 to the D-Mark, compared with L1,042 on Friday.

The immediate hope of Italian business is that political stability will encourage the Bank of Italy to reduce the official discount rate, currently at 9 per cent, to give a boost to the economy. The decision could come as early as next month, if provisional inflation figures for May confirm the downward trend in consumer prices.

But whatever happens on interest rates, a priority for the new government will be taking steps to reduce its deficit. Analysts expect an early mini-budget to raise or save L10,000bn ($6.38bn) for 1996. Further reductions will be needed for the 1997 budget for which preparations must begin soon.

An Olive Tree government may find itself up against opposition from the left if it tries to cut spending. However, analysts believe strong links with the unions could be an advantage in pushing through austerity measures in sensitive areas such as healthcare. "When Berlusconi tried to make cuts, 1m people took to the piazza in protest," says Mr Gregorio De Felice, head of research at Banca Commerciale Italiana.

An early return of the lira to the European exchange rate mechanism would be one aim of a centre-left government. However, the Olive Tree's commitment to join the first wave of European monetary union looks difficult to meet because Italy's government deficit and public debt levels are well above the convergence criteria for membership set in the Maastricht treaty.

Relaunching the privatisation programme would contribute to the reduction of public debt. A new government could probably go ahead almost immediately with the sale of its remaining minority stake in Ina, the Italian insurer, planned since last year. Investors then hope the new administration will push through the long-awaited sale of a majority stake in Stet, the telecoms holding company.

Analysts are optimistic, however, that a new government has a fair chance to show whether it can live up to its campaign promises. "It looks as if it will be around for at least a couple of years," says one.

Andrew Hill
John Simkins

· OBSERVER ·

Raw voter downs a few

■ Further evidence from Italy that simultaneously running an election campaign and a media organisation is too much for one man. This time, it's the left which has the problems.

Yesterday should have been the finest hour of L'Unità, the leftwing daily newspaper which still carries on its masthead the proud boast that its founder was the communist leader Antonio Gramsci. Instead, it appeared "in *reduced form" due to a computer* glitch. This embarrassing cock-up suggests it may be time for L'Unità's editor, Walter Veltroni, to choose between his two roles. The youthful Veltroni, dubbed Italy's Tony Blair after the supposedly telegenic British Labour leader, also happens to be deputy leader of the centre-left Olive Tree alliance.

And his political responsibilities meant, unlike every other Italian national newspaper editor, Veltroni – whose name, if you toss out an L, is an anagram of Raw Voter Let In – wasn't at his desk on Sunday night, but was out carousing, after the first leftwing election victory in Italy since 1946.

Boozy odyssey

■ Ah, the onerous duties of the judiciary. Justice Brian Tamberlin, in Sydney's Federal Court, was yesterday required to endure watching some of the irreverent cartoon series "The Simpsons". A challenging task, the Simpsons being a motley collection of characters representing the lower values of US society.

At issue was whether "Duff Beer" – as manufactured and marketed by a subsidiary of Lion Nathan, the New Zealand-based brewer – was unfairly capitalising on the "Duff Beer" favoured by Homer Simpson in the cartoon.

Lawyers for Twentieth Century Fox (producers of the cartoon) *earnestly argued that the* brewery group was enjoying a free ride on the Simpsons' popularity. Learned counsel for Lion Nathan hauled out their dictionary and countered that the word "duffer" had independent usage, and claimed the choice by their client was coincidental.

When the hearing was adjourned for the day the prim courtroom was littered with beer cans and assorted videotapes; Homer Simpson would have approved.

Young turks

■ The rebellion against Martin Bourke, governor of the Caribbean Turks and Caicos Islands, has ratcheted up a notch, with local church leaders now joining the widespread, vociferous demands for him to go.

This, and the stationing of a warship in the islands, have guaranteed the failure of an attempt by Sir Nicholas Bonsor, minister of state in the UK foreign office, to end the fracas.

Sir Nicholas recently sprang a visit on the islands, to address politicians of ruling and opposition parties, who together want Bourke to take an early bath. Bonsor found them in an ugly mood. They told him to shove his gunboat.

Bourke has been under attack since the publication of a magazine interview, in which local politicians feel he conveyed the impression that the tiny, *eight-island colony – population* 15,000 – is "unstable and lawless".

Instead of calming the waters, Sir Nicholas' intervention has simply left him with a longer list of demands from the islanders. They want London to retract suggestions that the locals have been violently opposing Bourke, and compensation for the "damage" they claim Bourke has inflicted on the territory's tourism and offshore finance industries.

Wonder if Argentina is interested in claiming sovereignty?

Going, going, going

■ Hard-up times in the new straight-laced Argentina: a Buenos Aires auction of Eva Peron's clothes has raised huge media interest but very little cash.

Of the many items – including 11 dresses and countless moth-eaten hats – that were to have gone under the hammer, only a handful tempted a sceptical public.

The event was soured at the start by suggestions from members of her surviving family that many of the clothes in fact never belonged to Evita. The auction, televised live, then went badly as the sale of five dresses was suspended because of a mysterious court injunction. To cap it all, a surviving sister of the legendary former first lady objected to the auction as being in poor taste.

That was enough for cash-strapped Argentines; hat after gaudy hat was paraded, but no one stirred to make an offer. Even a desperate plea inviting bids for any item on the catalogue met with stony silence.

But two dresses were sold, both bought by men. The mayor of Lanús in Buenos Aires, who parted with $10,500 for a dress, also became the proud owner of one of Evita's hats.

There is of course no suggestion that the mayor intends wearing his purchases; but Lanús hacks will be very attentive in future when he opens supermarkets and that kind of thing.

It's our pleasure

■ Proudly displayed at the entrance to a Moscow hotel: "If this is your first visit to Russia, you are welcome to it."

The Financial Times

100 years ago

The French farrago

The Bourgeois Cabinet in France is apparently on its last legs, and, if report be true, President Fauré will not be sorry to see the back of it. The Senate, too, has scored a victory, and the general belief is that it will be impossible for the Cabinet to remain in office. It matters little. French Ministries are as ephemeral as house-flies, and the President will have small difficulty in getting another collection together. He is said to be endeavouring to form a Cabinet of "conciliation and concentration", which ought at least to last the usual time – that is, about three months.

50 years ago

Death of Lord Keynes

Lord Keynes, the famous economist *[formerly John Maynard Keynes]*, has died from a heart attack at the age of 62. He returned to Britain a fortnight ago from the United States. He was exhausted by the work that he had put in at the International Monetary Conference at Savannah, where he had played a leading role, and was ordered to rest. Lord Keynes was responsible for developing the theory which makes full employment for everyone the overriding aim of government policy.

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G10 warns on bail-outs for Mexico-style crises

By Robert Chote in Washington

Buyers of government bonds should not expect to be bailed out in the event of another Mexico-style crisis, finance ministers and central bank governors from the Group of Ten leading industrial countries warned yesterday.

"There should be no presumption that any type of debt to the private sector will be exempt from payments suspensions or restructurings in the event of a future sovereign liquidity crisis," the G10 said in a communiqué after its meeting in Washington.

However, some officials doubt that the G10 will apply its apparently tougher stance even-handedly. They suspect that holders of small countries' bonds would be left to bear losses.

But the international community would still be under considerable pressure to organise a bail-out in the case of crises which threaten serious losses for a wide range of important financial market participants.

In the Mexico case, the devaluation of the Mexican peso in December, 1994 provoked a run on the currency, causing widespread anxiety among international investors holding Mexican bonds.

The US led a $40bn support package, which ensured full repayment of bondholders.

Explaining why bondholders had been protected in the Mexican case, Mr Kenneth Clarke, the UK chancellor of the exchequer, said: "Faced with the stark choice of disorderly default or a bail-out, the international community opted for the latter."

The signal that a more robust line may be taken in future financial crises came as the finance ministers and central bank governors also welcomed progress in agreeing a way to expand the credit lines under which 12 industrial countries agree to lend money to the International Monetary Fund in the event of such crises under "general arrangements to borrow".

A working group of four G10 members and four potential new participants has agreed a set of broad principles.

The G10 comprises the G7 countries – the US, UK, Germany, Italy, Canada, France and Japan – plus Belgium, Switzerland, Sweden and the Netherlands.

The communiqué added that the current case-by-case approach in dealing with sovereign crises was an appropriate starting point for evolutionary change.

A G10 study of sovereign liquidity crises, published yesterday, called for bond contracts to make clear that the wishes of some bondholders could be over-ruled when a sovereign crisis was being resolved.

But officials said the G10 countries themselves were reluctant to take the lead in this, with countries such as France arguing that only fragile emerging market countries really needed to amend their bond contracts in this way.

"Evolution of contractual arrangements between sovereign borrowers and their creditors needs to be a market-led process if it is to be successful," the study said.

'Ringfence' IMF gold, Page 7

German employers attack plans to revitalise economy

By Peter Norman in Bonn

Germany's leading employers' federations yesterday courted confrontation with the country's powerful trade unions by condemning the government's efforts to cut public spending and revitalise the economy.

On the eve of tripartite talks this evening between Chancellor Helmut Kohl and employer and union representatives, the association of employers' federations (BGA) and the federation of German industry (BDI) declared that the measures the government was preparing "would fall by a long way" to reduce the burden carried by industry and individuals through social security contributions.

Mr Klaus Murmann, BGA president, and Mr Hans-Olaf Henkel, head of the BDI, in a statement called for cuts in welfare services, demanding that sick pay be decreased to 80 per cent of the basic wage in place of the present system of payment-in-full of salary and recent overtime.

Their statement, issued ahead of the chancellor's attempt to secure backing from both sides of industry for "a programme to strengthen the dynamism of the German economy", put the employers on a collision course with the unions, which have threatened to strike in defence of sick pay. A survey by DPA, the German news agency, said some union leaders were prepared to break off the tripartite talks if the government stuck to its planned welfare cuts.

The finance ministry announced that the government was seeking bigger savings than the DM50bn ($33bn) of public spending cuts disclosed last week. In addition to DM25bn savings at the federal level and a further DM25bn savings by states and local authorities, the government would seek savings of about DM25bn from social insurance spending, the ministry said.

The importance of this evening's meeting was confirmed yesterday by Mr Peter Hintze, general secretary of Mr Kohl's Christian Democratic Union. Speaking after a meeting of the CDU leadership, he confirmed that final decisions on important parts of the package had been delayed until after the talks. These included the issue of sick pay and proposals to delay increases in children's allowances.

Mr Hintze underlined that the programme, which is due to be agreed by the Bonn coalition partners on Thursday evening, contained far more than spending cuts. There would be tax reform and deregulation, including a long-awaited, but modest, relaxation of Germany's restrictive shopping laws.

The government is understood to be seeking savings of about DM7bn in departmental budgets, a cut of DM8bn in payments to the federal labour office which administers unemployment pay, DM3bn through a public sector pay freeze, DM4bn savings on social spending and nearly DM3bn savings through trimming childrens' allowances.

The need for spending cuts was highlighted by Mr Günter Rexrodt, economics minister, who said that economic growth was now expected to fall below 1 per cent compared with 1.5 per cent forecast three months ago.

Israel damps hopes for Lebanon ceasefire

By Julian Ozanne in Jerusalem and David Gardner in Beirut

The US and France continued to pursue separate diplomatic initiatives to end the 13-day Israeli bombardment of Lebanon yesterday as hopes of an imminent ceasefire faded.

Israel widened its air strikes to include bases of radical Palestinian groups, and Mr Shimon Peres, Israeli prime minister, said Israel's offensive had no time limit.

Mr Warren Christopher, US secretary of state, presented Mr Hafez al-Assad, Syrian president, with a formal written ceasefire proposal. US officials said they hoped the plan, backed by Israel, would be agreed this week.

But Syria, Lebanon and pro-Iranian Hizbollah guerrillas continued to support alternative proposals being pursued by Mr Hervé de Charette, French foreign minister.

The State Department refused to release details of the US plan but western diplomats said it aimed to seek an end to attacks by Israel and Hizbollah on civilian targets, limitations on the rules of engagement of Hizbollah in civilian villages in south Lebanon and a cessation of Hizbollah attacks on Israeli soldiers in Israel's occupation zone in southern Lebanon.

Despite the growing momentum of the US proposal Mr de Charette continued to press his alternative, more modest, proposals and warned that Washington was unable to deliver all the cards necessary for a ceasefire agreement.

Diplomats said Mr de Charette was referring to Iran, which backs Hizbollah and has a strategic relationship with Syria.

Lebanon continued to voice public support for the French plan which seeks to revive the limited July 1993 understandings between Hizbollah and Israel and which focuses attention more on Israel's illegal occupation of southern Lebanon in defiance of United Nations resolutions.

Lebanon also said it was reluctant to sign a written document which would infringe on its right to resist Israeli occupation and on its demand for Israel to implement UN resolution 425 and withdraw from southern Lebanon.

"It is through the French initiative that we will reach a serious solution," said Mr Faris Bouez, Lebanese foreign minister.

The continued determination of Israel and the US to search for a wider solution to the conflict in southern Lebanon and to snub the French effort drew criticism from Mrs Susanna Agnelli, Italian foreign minister.

In Jerusalem, Mr Peres said that Israel's offensive "is an operation that is not limited in time but is detailed in its goals – the goal is to bring long-term quiet to northern [Israeli] communities".

THE LEX COLUMN

Bells in harmony

It may not be possible to put Humpty Dumpty together again. But Ma Bell is quite another matter. The original US telecoms group was considered so monopolistic that it was split into eight bits – seven local companies, the Baby Bells, and a long-distance company, AT&T – in 1984. Now the pieces are coming back together. Yesterday's $51bn merger between two of the babies, Bell Atlantic and Nynex, follows a similar deal between two others, SBC and Pacific Telesis.

But it would be wrong to conclude that the new Adolescent Bells will have the same monopolistic power as their old Ma. They will be competing in an increasingly vicious market – with cable, satellite and wireless groups all attacking their local franchises. The Bells themselves will make a big splash in the long-distance and international markets, which they are only now being allowed to enter. The merged Bell Atlantic/Nynex – covering the contiguous New York, Boston and Philadelphia regions – is particularly well-placed to grab market share: nearly half of the $20bn in long-distance traffic originating in its enlarged territory also terminate in it; and their customers generate a third of all US international traffic. When AT&T complains that the merger is anti-competitive, what it really means is that its own business is under threat.

The mergers certainly put pressure on AT&T to beef up its own local presence either by linking up with cable groups or accelerating the roll-out of wireless technologies. They also start the guessing game over which of the remaining three babies will be the next to marry and which will be left on the shelf.

Italy

The euphoria of Italian financial markets yesterday might seem surprising, given that the roots of the victorious Olive Tree coalition look alarmingly shallow. The likely prime minister Mr Romano Prodi has the unenviable task of uniting voices as discordant as former "technocratic" prime minister Mr Lamberto Dini and the Reconstituted Communism party.

Nonetheless, the alternatives were bleak. Mr Silvio Berlusconi's Freedom Alliance promised tax cuts and the likely halt to the privatisation programme – hardly appropriate medicine for Italy's debt problems. Then there was the probable meddling in management at already privatised companies, and the conflicts of interest between Mr Berlusconi the politician and his vast business empire.

By comparison, the Olive Tree coalition provides the greatest opportunity for stable and responsible government that Italy has seen in years. Even if the RC party proves belligerent, Mr Prodi should be able to attract some support from members of both the Northern League and Mr Berlusconi's Forza Italia. And his prudent economic programme could help narrow the chasm between German bunds and Italian government bonds, which has been extraordinarily costly. His proposals to rejoin the European exchange rate mechanism offer the advantage of externally imposed fiscal restraint.

Investors should also get the short-term benefit of a 1 per cent cut in interest rates, once a new government is finalised. And if Mr Prodi can follow up with the tough budget that other more fragile coalitions have been unable to pursue, then there should be more euphoria to come.

Eurotunnel

Given Eurotunnel's dire financial position, the management's desire to focus on the operational side of the business is understandable. The more than doubling of turnover in the first quarter of this year, compared with the same period in 1995, is at least a sign that revenues are moving in the right direction. Sadly, this is all rather academic for a company with more than £8bn of debt and market capitalisation of just over £1bn. Indeed, under the circumstances, joint chairman Sir Alastair Morton's jubilation about Eurotunnel's positive operating cash flow seems rather misplaced.

Despite increasing revenues, there is little prospect of the company making a dent in its debt mountain – and Sir Alastair's hope of winning large damages from contractors and railway companies has died a predictable death. There appears to have been no real progress towards thrashing out an agreement with its banks. And with only 8 per cent of its debt pegged at fixed rates, it could be hit by a turn in interest rates.

What is understandable is Sir Alastair's frustration with the banks. True, co-ordinating 225 bank creditors is a nightmarish task, but the banks' dithering is unimpressive. It is not clear what the appointment of *mandataires* under the French system is contributing to the process, but the notion that they will be able to do much to protect shareholders' interests appears rather optimistic. As the further dwindling of the share price suggests, massive dilution still appears to be the inevitable conclusion.

National Power

National Power's renewed bid for the UK's Southern Electric smacks of panic. The generator appears to be hoping that by swallowing a regional electricity company (rec) it will become a less attractive target for Southern Company of the US – which already has one of its own. At the very least, National Power believes that decisive action and an earnings enhancing deal – which the Southern Electric acquisition should be – will stand it in good stead if the Americans still attempt a takeover.

In return, the UK group is willing to take risks. Trade secretary Mr Ian Lang has yet to clear the generators' bids for the recs and could still impose some nasty conditions. Despite that, National Power is paying top dollar for Southern Electric. The new bid is a 9 per cent increase on the old one and the price/earnings multiple is the highest paid for any rec so far. Coupled with the sale of generating capacity to Eastern, the transaction should enhance earnings per share by around 8 per cent next year – but a share buy-back would have done that too. And Southern Electric's £2.5bn price tag leaves National Power with little scope for much of a buy-back or special dividend as part of any bid defence, should it come to that. By holding off or buying a smaller rec, management would have preserved more room for manoeuvre.

Everything now depends on how Southern Company will react to having the door slammed in its face. Theoretically, it could bid for National Power including Southern Electric and take its chances with the regulator. In practice it will want to break up that deal, so it must bid soon or go home.

UK plan for selective slaughter of cattle

Continued from Page 1

spiralling action," said the official. "Other states could take action against other UK products – which would also be illegal."

Privately, officials said there was a "sharp difference in perception" between the commission, which wanted to work with the UK on a BSE control and eradication plan to provide scope to lift the ban, and the UK, which seemed determined to try and get the ban removed without having put the necessary controls in place.

The government's selective slaughter plan is designed to cut the number of cases of BSE this year and next by up to 40 per cent. Without a cull, about 8,500 cattle are expected to develop the disease this year, falling to 5,000 next year.

The plan is expected to target three to six-year-old cattle which are considered most at risk of developing BSE because they were born in the same herd, and around the same time, as animals that have had the disease and been destroyed.

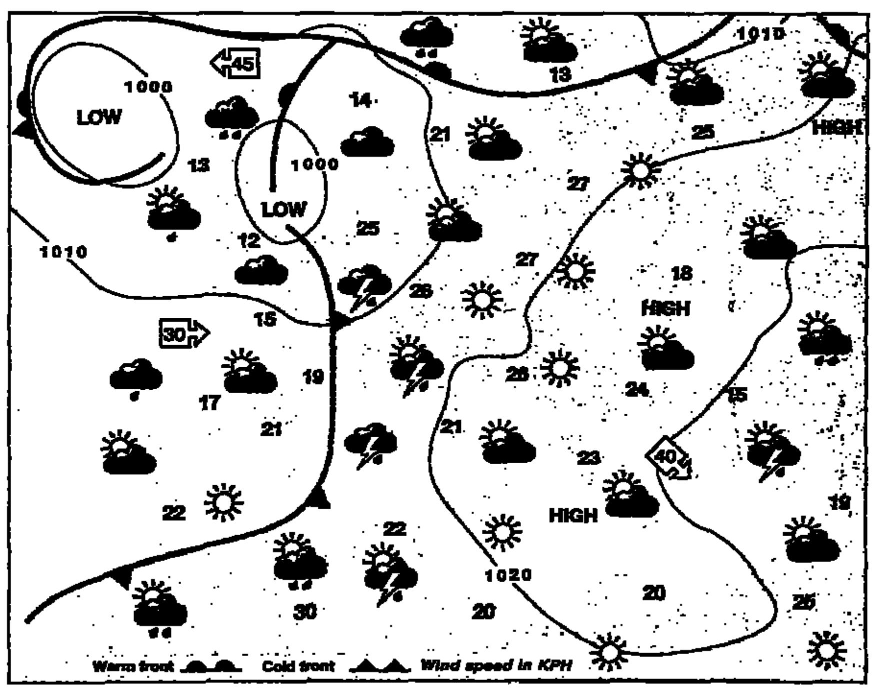
FT WEATHER GUIDE

Europe today

Cooler air from the west will move into the continent. Eastern Spain and France will be cool and windy with temperatures below 20C, although Spain will gradually become drier with sunny spells. England and Scotland will have widespread cloud and rain. Some thundery showers will form over the Benelux, eastern France, the western Alps and northern Italy, but most other parts of the continent will remain dry. Eastern Europe will be sunny and warm with temperatures above 25C in most places, and Greece will have frequent sunny periods. Northern Russia and southern Scandinavia will be cloudy with some showers.

Five-day forecast

Conditions will remain unsettled. The British Isles and eastern Spain will be cloudy with showers. Western areas of the continent will become brighter with frequent sunny periods, but rain will move into central and eastern Europe and western Russia.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius	
Abu Dhabi	sun	37
Accra	fair	32
Algiers	fair	19
Amsterdam	cloudy	20
Athens	sun	20
Atlanta	thund	28
B. Aires	cloudy	25
B.ham	shower	11
Bangkok	shower	38
Barcelona	fair	19
Beijing	fair	31
Belfast	cloudy	13
Belgrade	sun	24
Berlin	fair	28
Bermuda	fair	22
Bogota	fair	20
Bombay	fair	33
Brussels	thund	21
Budapest	fair	24
C.hagen	fair	19
Cairo	fair	21
Cape Town	fair	22
Caracas	fair	30
Cardiff	shower	11
Casablanca	fair	19
Chicago	sun	12
Cologne	fair	26
Dakar	fair	25
Dallas	sun	22
Delhi	fair	31
Dubai	sun	37
Dublin	cloudy	12
Dubrovnik	fair	21
Edinburgh	rain	11
Faro	fair	18
Frankfurt	fair	26
Geneva	thund	19
Gibraltar	fair	20
Glasgow	shower	12
Hamburg	fair	25
Helsinki	fair	13
Hong Kong	fair	21
Honolulu	fair	31
Istanbul	fair	15
Jakarta	rain	32
Jersey	shower	13
Karachi	sun	35
Kuwait	sun	33
L. Angeles	sun	28
Las Palmas	shower	22
Lima	sun	22
Lisbon	cloudy	18
London	rain	13
Lux.bourg	thund	20
Lyon	thund	19
Madeira	fair	18
Madrid	fair	17
Majorca	fair	20
Malta	fair	20
Manchester	shower	12
Manila	shower	33
Melbourne	shower	20
Mexico City	sun	26
Miami	fair	29
Milan	thund	19
Montreal	thund	14
Moscow	fair	20
Munich	fair	25
Nairobi	sun	27
Naples	fair	22
Nassau	fair	29
New York	shower	21
Nice	thund	19
Nicosia	thund	17
Oslo	cloudy	12
Paris	thund	15
Perth	fair	22
Prague	fair	26
Rangoon	fair	36
Reykjavik	fair	6
Rio	fair	23
Rome	fair	21
S. Frsco	sun	24
Seoul	sun	24
Singapore	fair	31
Stockholm	fair	16
Strasbourg	cloudy	23
Sydney	shower	23
Tangier	fair	19
Tel Aviv	shower	18
Tokyo	sun	18
Toronto	shower	11
Vancouver	rain	14
Venice	fair	21
Vienna	fair	28
Warsaw	sun	25
Washington	shower	23
Wellington	cloudy	13
Winnipeg	shower	5
Zurich	cloudy	20

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FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Euro Disney posts first trading profit

Euro Disney, operator of the Paris-based theme park, announced a trading profit for the first time since the park opened in 1992. Income before lease and financial charges for the first half of 1995-96 was FFr58m ($11.4m), compared with a loss of FFr82m in the first half last year. However, the group reported net losses, although these fell 30 per cent to FFr189m. Page 18

CS Holding holds to idea of big merger
CS Holding, the parent company of Credit Suisse, has not given up its idea of a far-reaching merger in the Swiss banking industry, despite the brusque rebuff this month of its overtures to Union Bank of Switzerland. Page 18; SBC eyes Standard Chartered private banking arm, Page 19

Mannesmann upbeat on engineering units
Mannesmann, the German engineering and telecoms group, said several of its core engineering businesses had done well in the first quarter, but it sounded a note of caution for the year. Page 19

NEC in Y200bn semiconductor R&D unit
NEC, Japan's largest semiconductor maker, said it would invest Y200bn ($1.87bn) over the next 10 years in a facility in Japan for research and development of advanced semiconductors. Page 20

Competition body to probe Australis rescue
The Australian Competition and Consumer Commission, the country's competition watchdog, is to look into the A$200m (US$156.4m) rescue package secured last week by Australis Media, the Australian satellite pay-TV operator. Page 20

Nabisco recovery helped by lower tax
First-quarter profits picked up after a poor fourth quarter for Nabisco, the US food group, which increased net earnings 10 per cent to $53m. But the improvement reflected lower interest costs and a lower tax rate. Page 22

Continental rescuers plan $260m offering
Air Canada and other investors which backed the 1993 rescue of Continental Airlines, the fifth biggest US carrier, are to realise part of their investment by selling up to $260m worth of shares. Page 22

Former Farnell almost doubles
Strong demand for electronic components helped the former Farnell Electronics, recently renamed Premier Farnell, to an 87 per cent rise in pre-tax profits to £110.9m ($168.6m) last year. Page 24

LIG acquires Aladan in $70m deal
London International Group, the UK condom and rubber glove manufacturer, announced a $69.5m deal to acquire the US's Aladan Corporation. Page 25

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Jungheinrich Vorz	218	+	7
Kugelfischer	219	+	7
Falls			
AA & MU	950	–	20
BHE	860	–	20
PWA Papierwerk	198	–	9
NEW YORK ($)			
Rises			
Checkpoint	26⅞	+	2¼
Diana Corp	45¾	+	4¾
Energy Ventrs	30	+	2¼
Lone Star	35	+	3
Falls			
Lexmark Intl	19½	–	1⅝
Nynex	50¼	–	2⅝
LONDON (Pence)			
Rises			
Cussins Prop	85	+	10
Everest Foods	109	+	30
Filtronic Comtk	433	+	38
Hewitt Whiting	175	+	20
Shorco	88	+	8
Falls			
Micro Focus	1143	–	192
TORONTO (C$)			
Rises			
JDS Fitel	17.85	+	1.85
Doelcl Egy A	13	+	3.13
PC Docs	27.9	+	2.3
Scitrinex	18.25	+	1.45
Weldwood Can	38.05	+	8.05
Falls			
Newbus Res	11.45	–	1.2
PARIS (FFr)			
Rises			
Adoptpharma	339.3	+	84.3

CITRAM	2500	+	200
Falls			
Docks France	1000	–	24
Gerlatic	1312	–	88
Ht Cap Deauvill	485	–	35
Taittinger	1240	–	60
TOKYO (Yen)			
Rises			
Hanshin Bk	780	+	140
Nitto Seimo	680	+	100
Sunstan	798	+	92
Tokai Kogyo	2380	+	310
Tokai Pulp	1580	+	200
Uniden Jecs	795	+	100
HONG KONG (HK$)			
Rises			
HK Bldg & Loan	25.45	+	2.1
Swecan	3.275	+	0.275
Wah Kwong	11.95	+	0.6
Falls			
CP Pokhand	3.5	–	0.15
China HK Photo	3.9	–	0.3
Tai Ping Carpts	2.35	–	0.1
BANGKOK (Baht)			
Rises			
Berli Jucker	80.5	+	7.0
Imperial Hotel	22.5	+	2.5
Royal Orchard	14.5	+	1.25
Siam Pulp	38.5	+	5.0
Falls			
Nat Finance	121	–	13
Siam Tyre	330	–	30

New York and Toronto prices at 12.30.

GM declines to $1bn as strike takes heavy toll

By Maggie Urry in New York

A 17-day strike last month at General Motors cost the US car and truck maker $900m after tax in its first quarter, reducing earnings per share by $1.20 and pushing its North American operations into loss. But even excluding the strike, GM, the last of the big three US vehicle makers to report first-quarter results, saw earnings decline.

Net income fell from $2.1bn to $1.03bn, a decline $300m greater than the cost of the strike, with earnings per share down from $2.44 to 94 cents. Although the earnings per share figure was better than analysts' forecasts, the shares fell $⅞ to $55⅞ in morning trading.

The result compared with a doubling of net income at Chrysler, against a weak period in early 1995, and a 58 per cent decline in net income at Ford Motor, where the costs of new models hit earnings.

Mr John Smith, GM's chairman and chief executive, said: "Barring unforeseen events, our aim is to bounce back in the second quarter and subsequent periods this year." However, analysts do not expect GM to recoup the sales lost as a result of the strike.

The stoppage cut capacity utilisation at the North American plants from 91.3 per cent to 69.1 per cent in the quarter. GM's US market share for cars and trucks fell from 31.9 to 31.2 per cent.

The North American operations, including the Delphi parts business, lost $195m after tax, compared with net income of $1bn in the same period last year.

Mr Michael Losh, chief financial officer, said that aside from the strike, the decline reflected a further reduction in vehicle volumes as a result of an inventory adjustment. GM would add 70,000 units in the second quarter, he said, representing the biggest part of its recovery from the strike.

Net income from the international operations fell from $522m to $432m, largely because adverse currency movements cost $100m, Mr Losh said. Latin America was a particular problem, especially Venezuela. International results were also hit by a lower margin product mix, with cheaper vehicles selling better.

Sales incentives to retailers in the US rose from $693 per vehicle in the first quarter of 1995 and $833 in the last quarter to $734. However, Mr Losh expected that for the year incentives would be roughly the same as in 1995 because of slightly improved demand.

He said GM expected to complete the spin-off of its Electronic Data Systems subsidiary by the end of the second quarter. Mr Losh declined to comment on speculation about a possible spin-off of its 76 per cent owned Hughes Electronics business, which contributed earnings ahead from $255m to $308m.

Although cash generation was affected by the strike, Mr Losh said GM expected to reach its target of $13bn in cash by the end of the year. That would fund new product development and maintain the pension fund. Thereafter, "the next logical thing" would be returning cash to shareholders.
EDS results, Page 22

Freedom triggers $51bn merger

Bell and Nynex join scramble on phone lines

Even by the exalted standards of corporate America, yesterday's $51bn merger between the phone companies Bell Atlantic and Nynex is a whopper. Coming within weeks of the $45bn merger between SBC Communications and Pacific Telesis, it raises two questions. What is driving the merger scramble in the US phone industry? And how much further has it to go?

The immediate trigger is the passage of the bill deregulating telecoms two months ago. In its present form, the industry is the product of the regulator rather than the market.

The division of the US into seven monopolistic local operators - the so-called Baby Bells - dates back to the forcible break-up of the old AT&T in 1982. As the price of their monopolies, the Bells were excluded from long-distance services. Now the monopolies and the long-distance ban are being abolished, the Bells are free to merge. The US telecoms map is being redrawn according to market forces.

The market contained by the latest merger certainly looks seductive. As Mr Ray Smith, chairman of Bell Atlantic, put it, the deal "unites the world's most valuable customer base under a single brand. It is the most intensive piece of real estate on the planet: the world's financial, media and government centre".

In particular, the market generates $20bn of long-distance calls a year. Of those, a claimed 45 per cent also terminate within the region. Under the old system, Nynex and Bell Atlantic had to hand these over to the long-distance companies. They now see themselves as natural competitors for the business.

First they must invest in a whole host of services which long-distance customers take for granted: highly labour-intensive call centres to handle bills and complaints, and expensively marketed customer deals such as AT&T's True Voice or MCI's Friends and Family. It is in those new services that cost savings can be expected, simply through economies of scale.

Another motive was left unstated yesterday: that of clubbing together for defence. While the local companies are attacking the long-distance market, their own market will be under siege from the long-distance companies. Ex-monopolies like Nynex and Bell Atlantic can only lose market share. The only question is how much.

Deregulation apart, there is a more fundamental pressure for merger: the relentless pressure of technology on prices. Mr Bill Bane, of management consultants Mercer Management, calculates that the inflation-adjusted cost of a 4-minute call from New York to California has been falling in a straight line since 1895.

"That has held good through wars, depression and deregulation", he says. "That is the creative destruction of technology. Today, this means fibre optics, microchips and wireless. When regulators take the credit, it reminds me of the rooster at dawn claiming it made the sun rise."

Given all these pressures, what about the other Baby Bells? Three of the original seven still stand alone: Chicago-based Ameritech, Atlanta-based BellSouth and US West, which covers a huge tract of mostly empty territory from Canada to the Mexican border.

Of the three, Ameritech is the most robustly committed to independence. US West, with its less lucrative territory but with various links to the world of cable and entertainment, could probably use a partner. BellSouth, finally, is rumoured to be looking at a merger with MCI.

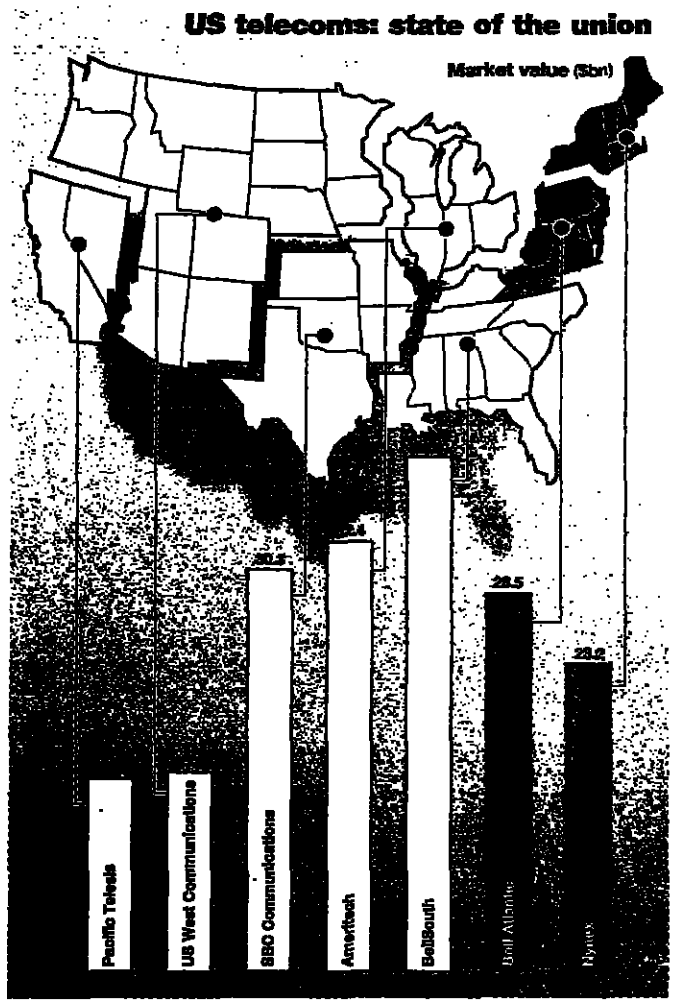
It seems inevitable that some of the deals will end in tears. Already, some pessimistic observers are recalling what de-regulation did to the US airline industry in the 1980s.

There is another parallel. As Salomon's telecoms analyst Mr Jack Grubman remarks, the rationale of putting together adjacent telephone networks and cutting out costs might equally apply to the railroad industry.

That has already been tried. In 1968, there was a merger between the Pennsylvania Railroad and New York Central, covering the same two regions as Nynex and Bell Atlantic. Less than two years later, Penn Central collapsed into record-breaking bankruptcy.

Tony Jackson

US telecoms: state of the union



Eurotunnel hits at banks as deficit grows to £925m

By Geoff Dyer and Andrew Jack in Paris

Eurotunnel, the Channel tunnel operator, yesterday unveiled losses of £925m ($1.4bn) for 1995, one of the largest deficits in UK corporate history.

The figures, which were worse than analysts' forecasts, underlined the Anglo-French group's precarious financial situation.

The group has been in negotiations with its 225 banks since September when it suspended interest payments on £8.1bn of debt after deciding that it could not meet its interest payments from revenues for many years.

Eurotunnel reported yesterday that little progress had been made in the bank negotiations since its previous announcement to shareholders in February.

Sir Alastair Morton, the group's co-chairman, blamed the banks for the slow pace of the talks. "We have put our ideas on the table," he said. "We are now waiting for the banks to put their ideas together and come back to us."

Sir Alastair said that talks were focusing on the rate of interest the group pays – currently 160-165 basis points above market rates – as well a possible debt for equity swap.

He warned the banks that at these interest rates, the group's cashflow over the life of its concession might not "be sufficient to repay the banks their principal plus interest".

Eurotunnel also announced it had replaced SBC Warburg as its broker with Kleinwort Benson. It said Kleinwort had been advising it on its restructuring since the autumn and that Warburg now faced a potential conflict of interest because it was a shareholder in the consortium to build the Channel tunnel rail link.

The results were lower than the £1.1bn pre-tax losses recorded by British Aerospace in 1992, but this was struck after a £1bn provision.

Mr Richard Hannah, analyst at UBS, said the results were "probably the worst ever trading performance in the UK".

The losses were higher than last year's £387m, and were struck from revenues of £299m (£30.6m). Analysts are forecasting further losses of £800m-£850m this year.

The figures were more than forecast due to £40m of one-off banks fees in the fourth quarter. The figures included £19m of gains from unwinding swaps and £118m of unpaid interest payments since September.

Sir Alastair attempted to put an optimistic gloss on the figures. "We have perhaps done rather well. Not many people can go from zero to 45 per cent market share in one year," he said.

First-quarter revenues were £102m and Sir Alastair said total revenues this year would be more than 50 per cent higher. Operating costs are to be cut by 20 per cent.

Mr Patrick Ponsolle, the other co-chairman, said Eurotunnel would invest about FFr10m ($21.4m) in the current year on preparations to act as a telecoms operator using the fibre-optic link which exists in the tunnel.

Mr Jean Calwa, vice-president of Adacte, the association for the defence of Eurotunnel shareholders, said it would next week launch a campaign to encourage small investors to vote at the June annual general meeting for a greater voice in negotiations with the banks.

The shares fell 4½p to 69½p.
Lex, Page 16

Fiat plans $10.5bn car spend

By John Griffiths in Turin

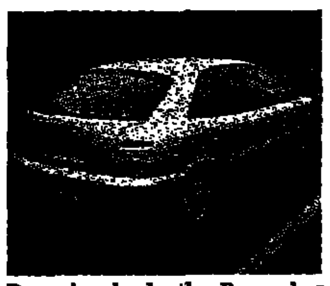
Fiat, the Italian vehicle maker, has committed itself to a L16,500bn ($10.5bn) investment programme which will see 15 new models introduced between the end of next year and 2002.

In addition, about L8,500bn would be committed to further car assembly projects in developing countries, notably China and India, Mr Roberto Testore, the newly appointed chief executive of Fiat Auto, said yesterday in an interview.

The size of the programme underlines the group's intention to maintain the recovery of Fiat's car business, brought about by a $28bn seven-year programme, ending next year. This appears to have saved Fiat's car business from the risk of collapse after a prolonged period of under-investment in the 1980s.

From now on, Fiat's car business will operate under a "strict rule" restricting the life of each model to a maximum of six years.

Fiat has replaced its entire range of cars under the $28bn programme, and with additions, such as the Barchetta sports car and Alfa Romeo models, will have introduced 23 new models by the programme's end next year.


Bouncing back: the Brava has helped Fiat's rebound

"That means that the average age of our cars is only 3¼ years, and that is a good ratio which I want to maintain," said Mr Testore. "We are now working to a very precise philosophy that our cars will be wide in range and fresh always."

Disclosure of the programme comes less than two months after Mr Testore's appointment as Fiat Auto chief executive in succession to Mr Paolo Cantarella, whose hands-on approach to developing the latest generation of Fiat, Alfa Romeo and Lancia models is largely credited with Fiat's recovery – European sales excluding Italy have risen 25 per cent in the past year, helping return Fiat to profitability.

Mr Cantarella became chief executive of the entire Fiat group in February, when Mr Giovanni Agnelli stepped down as chairman.

The new investment plans are at least as ambitious as the seven-year programme ending next year. This is because much of the current programme is made up of capital investment in new design and assembly facilities, engine and gearbox plants, and the setting up of factories in Argentina and Brazil.

With these in place, virtually all the new spending will be on the design and development of vehicles.

Unilever to merge India units

By Naazneen Karmali in Bombay and Roderick Oram in London

Unilever, the Anglo-Dutch consumer goods group, is to merge its two main subsidiaries in India to create the country's largest private sector company with a market capitalisation of Rs160bn ($4.7bn).

Cash flow from detergents and household products will help Hindustan Lever, the expanded subsidiary, to develop the food and drinks business it will acquire in the merger with Brooke Bond Lipton India.

Both companies are 51 per cent owned by Unilever.

Unilever is enjoying strong growth from its emerging markets to compensate for slow growing mature markets in Europe and North America. It has targeted countries such as India and China for heavy investment.

The Indian government has identified the processed foods industry as a priority area and is encouraging the private sector to invest heavily in manufacturing and distribution.

Among other western companies seeking a bigger role in India; Pillsbury, the US foods subsidiary of Grand Metropolitan of the UK; is awaiting government approval for an Indian joint venture.

The boards of the two Unilever subsidiaries met yesterday in Bangalore to approve the merger on the basis of nine Hindustan Lever shares for every 20 Brooke Bond shares. The deal will be backdated to January 1 if it is approved at annual general meetings and by the courts. The Indian financial community said it was unlikely there would be shareholder or judicial resistance to the merger.

Hindustan Lever, post-merger, will have annual revenues of Rs58.8bn, ranking it the third largest group in India. On annual revenues of Rs37bn, Hindustan Lever generated after-tax profits of Rs2.39bn last year.

Lever dismissed possible staff cuts: "Since there is no overlap between the businesses of the two companies, there will be no lay-offs as a result of the merger."

Euro Disney posts first-half trading surplus

By Andrew Jack in Paris

Euro Disney, operator of the Paris-based theme park, yesterday announced a trading profit for the first time since the park's opening in 1992.

Income before lease and financial charges for the first half of its 1995-96 financial year was FFr58m ($11.4m), compared with a loss of FFr82m in the first half last year.

However, the group still reported net losses, although these fell 30 per cent, to FFr169m.

There was a substantial rise to FFr229m in lease rental expenses, which had been temporarily waived following the restructuring, and which stood at FFr120m last time.

The charges will increase by a total of FFr120m for the full year as part of the agreements with the group's creditor banks.

The group reported exceptional gains of FFr61m, against FFr55m, which reflected savings of several million francs generated by buying back from the market additional convertible bonds issued by Euro Disney as part of the restructuring, as well as writing back of provisions made at the same time.

Financial income also rose, from FFr140m to FFr169m, and financial expenses fell from FFr234m to FFr228m.

Mr Philippe Bourguignon, chairman and chief executive, said: "This improvement in results reflects our strong commercial performance, notably in the hotels. Of particular significance is that it comes at a time when many tourist destinations are experiencing tough market conditions."

He also stressed that the results reflected the low season of the park's activities, and that there should be a substantial jump during the second half of the year, which covers attendance during the summer.

Euro Disney's turnover improved 13 per cent to FFr1.9bn, despite the difficulties besetting the tourism sector in France – notably during the last three months of 1995, at a time of terrorist attacks and industrial action linked to the government's proposed social security reforms.

The rise included an 11 per cent rise in revenues from theme park entries to FFr910m. This suggests that increased attendance more than offset cuts in admission charges which were introduced in April last year.

Higher occupancy helped raise hotel revenues 17 per cent to FFr619m, while other revenues rose from FFr158m to FFr171m.

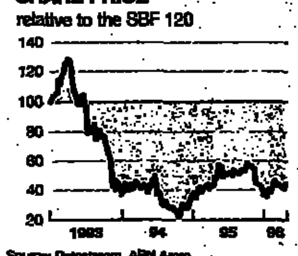
The group does not provide detailed figures on attendance or occupancy numbers within its half-year results.

PROFILE:
EURO DISNEY
Market value: $2.3bn Main listing: Paris

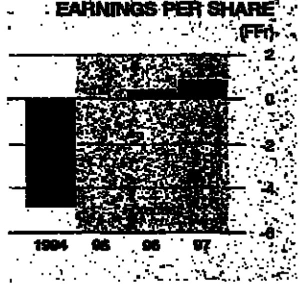
Historic P/E	94
Gross yield	Nil
Earnings per share	FFr 0.0
Current share price	FFr 15.5


Philippe Bourguignon Chief executive

SHARE PRICE relative to the SBF 120



EARNINGS PER SHARE (FFr)



Source: Datastream, ABN Amro

Handelsbanken profits top market estimates

By Hugh Carnegy in Stockholm

Lower loan losses and increased interest and commission income pushed up first-quarter operating profits at Handelsbanken by 13 per cent. The group, one of the Nordic region's leading banks, is the first Swedish bank to report for the period.

Operating profits of SKr1.52bn ($226.9m), up from SKr1.34bn in the same quarter last year, were ahead of market expectations and prompted a sharp rise in Handelsbanken stock on the Stockholm bourse. The most-traded A shares rose SKr5 on the day to close at SKr139.

The steady fall in loan losses shown by Sweden's banks since the credit loss crisis of 1992 continued to give a strong boost to the performance. Loan losses fell 28 per cent from SKr557m to SKr401m, to reach 0.6 per cent of total lending, against 0.8 per cent a year ago. The figure is still above levels of the late 1980s, but is lower at Handelsbanken than its main rivals, which were harder hit by the crisis.

Profits before loan losses were ahead just 4 per cent, rising from SKr1.9bn last time to SKr1.96bn.

Mr Arne Martensson, chief executive, said lending to households – long depressed in Sweden – picked up in the first quarter, but corporate borrowing had flattened out.

He said the margin between lending and deposit interest rates had also narrowed further to less than 3 per cent.

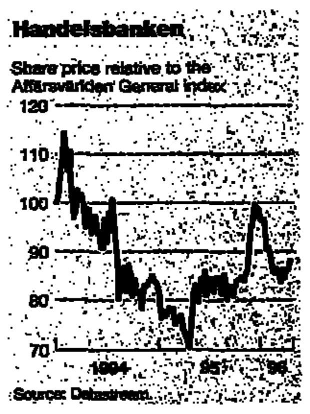
Nevertheless, net interest income increased 5 per cent to SKr2.5bn. Analysts said this may have been partly flattered by the removal of Handelsbanken's real estate vehicle Näckebro – to be spun off to shareholders later this year – from the accounts.

Net commission income rose from SKr572m to SKr673, reflecting increased volumes in securities trading. Meanwhile, changes in accounting principles to conform with European Union directives made clearer the effects of changes in value of Handelsbanken's securities portfolio and foreign exchange earnings. Net income from financial operations jumped 17 per cent from SKr216m to SKr256m. There was also an 11 per cent increase in total costs from SKr1.57bn to SKr1.74bn, with staff costs rising 10 per cent to SKr693m. Handelsbanken said much of this was due to its growing presence in Finland and Norway.

● The growth of Telefónica, the Spanish telecom operator, in Latin America and the fast expansion of the domestic mobile phone market helped offset restructuring costs last year at Ericsson España, the Swedish group's subsidiary in Spain, writes Tom Burns in Madrid.

Ericsson España lifted 1995 sales income 44.9 per cent to Pta91.8bn ($735m) but after-tax profits fell from Pta6.4m in 1994 to Pta4.2bn. The depressed earnings were blamed on lowered extraordinary income, increased pressure on prices and the cost of merging the the Swedish group's two Spanish subsidiaries.

Handelsbanken
Share price relative to the Affärsvärlden General index



Source: Datastream

Montedison back in the black after special gains

By Andrew Hill in Milan

Montedison, the Italian industrial holding company, yesterday announced a consolidated profit of L1,070bn ($682.4m) after tax for 1995, its first annual net profit since 1991. The results benefited from extraordinary gains of L978bn, including the proceeds of disposals and the transfer of polypropylene activities into the Montell joint venture with Royal Dutch/Shell.

Group profit before tax and extraordinary items was L879bn, against L748bn in 1994. Montedison lost L345bn after tax in 1994, following extraordinary charges of L446bn.

The parent company also decided to write down the nominal value of its share capital – by L1,384bn – to cover losses built up in the last four years and clear the way for payment of a dividend from next year. Italian law forbids the payment of dividends by companies which are still carrying accumulated losses. Montedison's shares were suspended yesterday.

Montedison said market conditions had weakened in the second half of 1995, and in the first quarter of this year turnover decreased to L6,025bn, down 3.1 per cent on the equivalent period. Gross operating margin narrowed from 18.5 to 13 per cent of sales.

Net debt at Montedison stood at L9,838bn at the end of last year, equivalent to 96 per cent of shareholders' funds, against L11,654bn a year earlier.

Ferruzzi Finanziaria, the linked holding company which controls the industrial group through a 30 per cent stake, also recorded a net profit in 1995, of L11bn, against a loss of L997bn in 1994. The holding company said it would ask shareholders' permission to change the name of the group. No new name has been proposed, but the change is likely to end any association with the Ferruzzi family of Ravenna, which controlled the group during the late 1980s and early 1990s before its near-collapse in 1993.

CS Holding and Winterthur agree co-operation deal

By George Graham, Banking Correspondent

CS Holding, the parent company of Credit Suisse, has not abandoned its idea of a far-reaching merger in the Swiss banking industry, despite the brusque rebuff this month to its overtures to Union Bank of Switzerland.

CS yesterday announced an agreement to co-operate with Winterthur Insurance on a broad range of financial services, but said it would continue to eye a much bigger banking merger.

Mr Rainer Gut, CS's chairman, sternly criticised Union Bank of Switzerland for revealing and rejecting his merger approaches.

"The UBS board has chosen the conservative option. But they – indeed, the whole of Switzerland's financial services industry – will sooner or later be forced to face up to the challenges that the world of banking poses," Mr Gut said in a letter to shareholders.

"We at CS Holding will continue to debate the issue which, because it was publicised earlier than intended, needlessly caused the financial world to hold its breath," he added.

Mr Gut said that the shakeout in the Swiss financial services industry "still has some way to go". The recent mergers between Bank of Tokyo and Mitsubishi Bank and between Chemical Bank and Chase Manhattan had, he said, "underlined the importance of both strength and size as we move into the next century".

CS's co-operation with Winterthur, meanwhile, will lead to the merger of the two groups' occupational pension subsidiaries to form Winterthur-Columna, which will already have SFr25bn ($21.3bn) under management when it starts up next January.

In addition, Winterthur will take a one third stake in RE Insurance Finance Company, a joint venture between Credit Suisse and Swiss Re, the reinsurance group. CS and Winterthur also plan to co-operate on direct telephone sales of banking and insurance products as well as on computer and telecoms systems.

A UBS-CS merger would have created a substantial international investment bank and fund manager, and raised the prospect of dramatic rationalisation in the Swiss retail banking market.

But UBS rebuffed the approach "unequivocally", virtually accusing CS of attempting to blackmail it ahead of a confrontation with its rebellious shareholder, Mr Martin Ebner, at last week's shareholders' meeting.

CS Holding said its BIS capital ratio was 12.7 per cent and its Tier 1 core capital ratio 8.7 per cent, comfortably ahead of BIS minimum requirements.

Sales decline at Krupp

By Michael Lindemann in Bonn

Krupp, the German steel and engineering group, yesterday said new orders and sales in the three months ended March fell by up to 7 per cent compared with the same period last year.

Echoing other German engineering companies, it warned that prospects for the rest of this year remained dull.

At the opening of the Hanover industrial fair, Mr Gerhard Cromme, chief executive, said the company expected "a generally weak economy in 1996" but added that despite a poor first quarter, Krupp's 1996 results would be "satisfactory". The group last month announced its first dividend, after reporting net profits of DM505m ($335.4m).

Mr Cromme said the steel division had been worst hit by the weaker demand. Krupp's sales in the first quarter fell 5.5 per cent to DM5.5bn while new orders, the most important figure indicating the prospects for future business, had fallen 7 per cent to DM6.1bn.

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SBC eyes Standard Chartered private banking arm

By George Graham, Banking Correspondent

Swiss Bank Corporation is understood to be negotiating the acquisition of the private banking division of Standard Chartered, the UK-based international banking group.

London equity analysts estimated the division contributed close to £15m ($22.8m) to Standard Chartered's pre-tax profits, and said its price could be more than 10 times that figure.

Neither Standard Chartered nor SBC would yesterday comment. However, SBC has recently told analysts it considers private banking to be one of its best core businesses, and one it expects to expand over the next two years organically and by acquisition.

SBC does not disclose the value of funds under its management, but the group has been steadily increasing the proportion managed outside Switzerland, which rose from 11 per cent in 1994 to 13 per cent last year.

Standard Chartered has been whittling down its non-core businesses, disposing in particular of much of its securities and investment banking operations. It recently agreed to sell 80 per cent of its stockbroking arm to Nava Securities of Thailand.

London analysts said they were puzzled it should consider private banking a non-core activity, because of its overlaps with the retail banking operations on which Standard Chartered has concentrated.

However, private banking has been managed as a stand-alone business within Standard Chartered's investment banking division. The unit is believed to have some £3.5bn under management.

● Mr Daniel Cardon de Lichtbuer, Banque Bruxelles Lambert chief executive, expects 1996 net profit to rise 15 per cent to more than BFr10bn ($323m), from 1995's BFr8.941bn, reports AFX News in Brussels.

Mr Cardon was speaking at the inauguration on Friday in Geneva of a new building for BBL's Swiss unit, where he said he expected 40 per cent of 1996 profits coming from overseas activities, against 30 per cent in 1995.

Commenting on the possibility of a merger with Générale de Banque, Mr Cardon said this was not achievable because of differences between BBL shareholders.

In the absence of the merger, BBL would strengthen its domestic position via increased automation, by pursuing its acquisition of the Antwerp savings bank Anhyp, and by reviewing its branch network. Internationally, it would reinforce its activities in Europe, in the main global financial centres, in eastern Europe, and in France via an acquisition in asset management.

Skoda back in black after three years of losses

By Kevin Done, East Europe Correspondent

Skoda Automobilova, the Czech subsidiary of Volkswagen of Germany, returned to profit in the final quarter last year following three years of losses.

For the full year, the company reduced its net loss from Kcs2.37bn in 1994 to Kcs1.62bn ($58.8m), it said yesterday.

Skoda remained in profit during the first three months of 1996, helped by a big increase in production, said Mr Volkhard Köhler, deputy chairman.

The group's results for the whole of 1996 would show a "further considerable improvement", although the financial performance in the second half would be burdened by the start-up of a new car plant in the Czech Republic and the launch of the group's second car range.

Last year's loss was mostly due to the heavy expenditure for the new model development and the building of new production facilities.

Skoda remained in loss largely as a result of changes in its accounting procedures, under which it began to charge research and development costs against its profit and loss statement for the first time.

Mr Köhler said the success of the current Felicia range meant the company was "now capable of bearing the costs of future products". Last year's results were also burdened by advance expenditure for new models of about Kcs2bn. Excluding this investment Skoda had operated profitably last year, said Mr Köhler.

In its most significant expansion since Volkswagen took control in 1991, Skoda is due to launch the Octavia range of small family cars in the autumn, which will be added above the current Felicia supermini range.

The new range will enable the Skoda brand to compete for the first time in the largest volume segment of the European market, against models such as the Ford Escort and the Opel Astra.

It will share chassis platform components with other new VW group products under development – including the Audi A3, to be launched later this year, and the next-generation VW Golf and Seat Toledo.

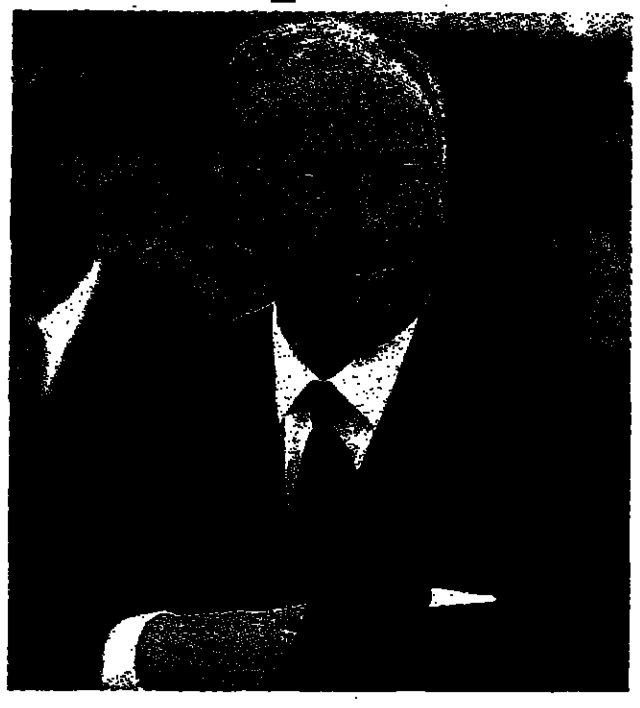
Skoda is aiming to raise output to about 340,000 cars a year by the late-1990s, when both model ranges are in full production.

In the first three months of 1996, production rose by 39.5 per cent from the same period a year ago, to 69,931 units.

Sales volumes in the domestic market rose 13 per cent, while sales increased by 34 per cent in central and east Europe and Asia, by 11 per cent in west Europe and by 35 per cent overseas.

OBITUARY: ROBERT HERSANT

Media man and politician



Robert Hersant, France's most powerful media baron who died on Sunday evening aged 76, managed to combine the construction of an extensive journalistic business empire and a political career with an extremely low personal profile.

His death, after an illness following recent heart surgery, leaves open to question the future of an extremely complex web of companies held together largely by his forceful personality and struggling under substantial debts.

Born in 1920 in Brittany, the son of a naval captain, Hersant started his working life after attending schools in Rouen and Le Havre. In 1945, he published a car directory, followed in 1949 by the magazine Auto Journal.

In 1950, he founded the Robert Hersant group, which became the vehicle for a range of activities in the print media as well as forays into radio and television. It now controls 30 per cent of the French market for daily newspapers, and has stakes in other countries including Le Soir in Belgium and Rzeczpospolita in Poland.

The most well-known titles held through his Socpresse group include Le Figaro, the daily right-wing French paper, and France-Soir, an evening daily paper. Separately, the Hersant family controls France-Antilles, a regional newspaper group.

Not all his ventures were successful. He became head of the ill-fated French fifth television station in 1987 before it closed. His print titles, like those of his competitors, have been hit in recent years by rising costs and falling circulation and advertising revenues.

Little financial information is available on the privately owned group. However, there were suggestions in 1993 that its debt ran to FFr4bn – much of it held with banks that are themselves now in difficulties, including the state-owned Crédit Lyonnais.

Writing in yesterday's Le Figaro, which dedicated most of its front page and several additional articles to its proprietor's death, Mr Franz-Olivier Giesbert, the editor, said: "Robert Hersant was first of all a journalist. Not an industrialist, but an artisan like all of us."

However, he also launched a second career in politics. During the 1950s, he was elected first as a mayor, then as a regional and a national deputy. In 1984 he became a member of the European parliament under the UDF-RPR centre-right banner, a post he retained until his death.

There was some ambiguity over his relationship with the late socialist president François Mitterrand. In spite of a clear political divide between the two men, Mr Jean d'Ormesson, Figaro's managing director at the time Hersant bought the title in 1975, claimed there was an agreement which veered away from excessively critical coverage while the socialists were in power.

His early career was tarnished by accusations of collaboration with the Vichy régime during the second world war.

In a rare interview on the subject on French television in 1982 he admitted to "an error" while adding ironically: "Those who know me a little know that I am the only Frenchman of my generation to have not been a hero of the resistance".

Andrew Jack

Mannesmann starts year well but sounds note of caution

By Michael Lindemann in Bonn

Mannesmann, the leading German engineering and telecoms group, said several of its core engineering businesses had done well in the first quarter, but sounded a note of caution for the year as a whole, partly because capital investment was still lagging.

Mannesmann's comments are likely to dampen sentiment in the European engineering industry, where it is one of the biggest groups. However, the company's share price rose DM6 to close at DM565.

Mr Joachim Funk, chief executive, said three main Mannesmann engineering businesses – Demag, Demag Fördertechnik and Krauss-Maffei – had "grown" in the first quarter, compared with relatively strong figures during the same period a year ago.

Business at Rexroth, the hydraulics company, had suffered because of the general economic slowdown, Mr Funk said. "Our expectations for the second half of this year remain uncertain."

Mr Funk expected "significant impulses" from west European companies which needed to invest in new plant. Such investment had fallen by up to 25 per cent in the four years before 1994 in countries of the European Union. But there were signs that demand had been picking up last autumn, following stronger orders from customers in the EU and elsewhere.

The group reports its full 1995 results on Wednesday, but yesterday gave some details about business in various divisions last year. The engineering and plant division – Mannesmann's core business, representing 40 per cent of group turnover – increased sales last year by 12 per cent. The automotive technology division had put on an extra 7 per cent in sales, while profits remained in line with those reported earlier.

Despite the stronger sales in a number of divisions last year and restructuring, analysts fear Mannesmann faces further difficulties as its costs in dollar terms are about 25 per cent higher than those of foreign competitors.

● German steelmakers expect to produce about 39.5m tonnes of raw steel this year, 2.5m tonnes less than last year, because stockpiles were not being used as quickly as expected, the Steel Federation, the umbrella organisation for the German industry, said yesterday.

The industry, which employs 120,000 in Germany, expects to shed up to 5,000 jobs this year because of growing international competition, said Mr Ruprecht Vondran, the federation's chairman.

NEC to spend Y200bn on semiconductor R&D

By Michiyo Nakamoto in Tokyo

NEC, Japan's largest semiconductor maker, said it would invest Y200bn ($1.87bn) over the next 10 years in a facility in Japan for research and development of advanced semiconductors.

The new plant, which will be built in NEC's Sagamihara complex west of Tokyo, will conduct R&D in advanced semiconductor fabrication technology involving line widths of 0.15 microns to 0.07 microns. One micron is one-thousandth of a millimetre. The smaller the micron, the more information can be incorporated on to a chip. Current technology is capable of etching line widths of 0.35 to 0.25 microns.

NEC's investment will take place in three stages. The first pilot line will start producing wafers with line widths of 0.15 microns in October 1997. Production capacity will be 5,000 wafers a month.

The company plans to start operating lines in the second phase in 2000 and in the third phase in 2003, which will handle wafers with 0.1 microns and 0.07 microns respectively.

The ability to etch circuit lines of 0.07 microns would make it possible to put 1,000 lines in the space of a human hair. With that level of circuit integration, supercomputers could be reduced to the size of PCs, PCs could become as small as wristwatches, and a three-hour movie could be stored on a single chip, NEC said.

NEC, which is the world's second largest semiconductor maker after Intel of the US, estimates its investment in semiconductors in 1995 was Y210bn. This includes an expansion of two facilities in southern Japan and of its UK facility in Scotland, where it makes memory chips. The company plans to invest a similar amount this year.

Earlier this year, NEC became the first company to announce semiconductor fabrication in China. It plans to construct a Y12bn production line for mass production of state-of-the-art four-megabit dynamic random access memory chips in November this year.

While concerns have been rising about a slowdown in the market, NEC believes consolidated sales increased by 15 per cent to Y4,350bn in the year to March, 1996, due to strong semiconductor sales. The company believes pre-tax profits will more than double to Y150bn.

In an attempt to keep abreast of market trends and focus on the advanced technology that customers demand, NEC said it would more than double output of 16-megabit D-Rams to 18m units by the end of the year and 20m by March 1997.

● Seiko Epson, the Japanese electronics and computer maker, will invest Y70bn in a new semiconductor manufacturing facility in Japan. The new facility will begin producing eight-inch wafers with line widths of 0.25 microns next year, with volume production starting at the end of 1997. Production capacity is set at 15,000 wafers a month.

Competition body plans inquiry into Australis rescue

By Nikki Tait in Sydney

The Australian Competition and Consumer Commission, the country's competition watchdog, is to look into the A$200m (US$156.4m) rescue package secured last week by Australis Media, the Australian satellite pay-TV operator.

Under the deal, Publishing & Broadcasting (PBL), the listed media group controlled by Mr Kerry Packer, the Australian businessman, would become one of four investors helping to fund a A$200m capital injection into Australis. PBL owns Channel Nine, Australia's leading commercial TV network, and also holds a small stake in Optus Vision, one of two cable-based pay-TV consortia.

Kerry Packer: one of four investors funding Australis

The funding package is a financial lifeline for Australis, which last month announced a A$97.5m loss for the half-year to end-December, and revealed that it was surviving with financial support from Tele-Communications Inc, the largest US cable group, and Lenfest, an associated company. Australis' shares, suspended several weeks ago, jumped 8 cents to 65 cents when trading restarted yesterday.

Until last Friday, it was thought likely that Australis – which holds a valuable satellite broadcasting licence – would secure help from Mr Rupert Murdoch's News Corporation. Last year, the two companies appeared to be moving together, when Australis agreed in principle to merge with Foxtel, the cable consortium in which News and Telstra, the government-owned telecommunications group, are partners. But that deal fell foul of Australia's competition authorities.

Instead, the involvement in the Australis rescue of Mr Packer, Mr Murdoch's arch rival in the Australian media business, has been taken to mean that Australis has in effect "switched camps" in the country's pay-TV battle.

Under the deal, four investors – PBL, Lenfest, Sir Ron Brierley's Guinness Peat, and United International Holdings – have agreed to provide bank guarantees of A$162m over a six-month period, while Lenfest has also said it will extend a A$25m loan facility. In addition, Australis will issue A$13m of new securities "through a major institution".

The A$200m now available will provide working capital for the next six months, while longer-term financing is sought. PBL said its share of the guarantees amounted to A$40m.

Goldlion draws on success in China

HK group's record suggests its new cigarette initiative should be taken seriously, writes John Ridding

There are No Smoking signs on the streets of Guangzhou, as there are in a growing number of Chinese cities. But that has not deterred Goldlion, the Hong Kong retail and consumer goods company, from its latest assault on the mainland market.

After ties, belts, clothing and accessories, the group is moving into what it sees as a logical extension – cigarettes. Producing a packet of 20, Mr Louis Lau, the group's financial controller, explains: "Marlboro and Dunhill have gone from cigarettes to clothing and accessories. We are just doing it the other way around."

Many in the industry are sceptical about the cigarette initiative, launched in February. But the company's track record suggests it should be taken seriously.

Goldlion has established itself and its brand firmly in China, providing pointers to other consumer goods companies about how to limit risks and achieve rapid returns on the mainland.

Since its launch in China in 1983, sales and profits have grown steadily. Net profits climbed from HK$34.5m in the year to the end of March 1990 to more than HK$200m (US$25.8m) in 1994-95.

First-half results for the current financial year showed a jump of 55 per cent in net profits to HK$128m, in spite of the effects of anti-inflationary policies and weakened consumption.

Behind the numbers lies a strategy of avoiding big investments and relying on local partners. Goldlion has steered clear of building shops and buying premises. Instead, it has pursued a new form of counter-trade.

By placing counters in government department stores across China and duty free outlets, Goldlion has been able to move quickly and with limited costs. There are now more than 700 Goldlion outlets, stretching from Xinjian province in the west to Shanghai in the east. Guangdong, Shanghai and Beijing have the greatest concentrations.

Only four of these outlets are owned by Goldlion. "Each local authority has their own rules, regulations and jurisdictions," says Mr Lau. "Administratively, it would be a nightmare to run 730 outlets in 100 different locations. It is much better to leave that to the locals who know how to get around problems."

An additional consideration is the group's desire to limit its employees to a "skeleton staff" in China to reduce overheads and limit risks in the mainland's volatile retail market.

Risks are also reduced by the company's strict credit policy. Goldlion insists on cash on delivery for its products. A few of the bigger clients are allowed some grace, but 30 days credit is the maximum. "This helped them during the credit squeeze of 1993-94," says one investment banker involved in corporate finance on the mainland.

Such niggardly policies appear to contradict the reckoning of many analysts that China requires significant investments in terms of capital and employment to secure access to its economy.

In the case of Goldlion, however, it seems that this role is partly fulfilled by the company chairman, Mr Tsang Hin-chi.

Mr Tsang, a high-profile politician and the only Hong Kong deputy on the standing committee of China's National People's Congress, makes contributions to social projects such as university funding.

For the company itself, the purse strings are loosened only when it comes to advertising. To build its brand, Goldlion spends 5 per cent of turnover each year on television commercials, billboards and neon signs.

The cigarette venture bears the hallmarks of Goldlion's past initiatives. Risks are shared through a joint venture with the Hainan Tobacco Authority.

The projected capital for the company is HK$51m, with Goldlion taking a 51 per cent stake, but its initial investment is limited to HK$8m. Marketing has been based on the brand name and is aimed at the upper end of the market.

But there are still considerable question marks over the latest diversification. In addition to rising competition from the leading international brands seeking to expand in the Chinese market, Beijing and provincial authorities are stepping up their anti-smoking drive.

"The market is big, but it is getting a lot tougher," says the managing director of one foreign tobacco group. "This may prove a diversification too far," adds a retail analyst at a Hong Kong brokerage.

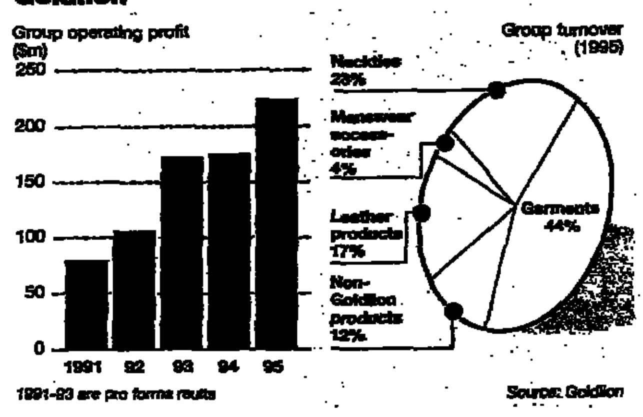
Goldlion is optimistic. Its pricing strategy, which sets a mark-up of about 20 per cent on most imported brands, is aimed at capturing the premium end of the market.

The policy was based less on market research than on the assumption that a growing class of relatively affluent consumers will buy Goldlion cigarettes as they have done its clothing and accessories. For the moment this class is relatively limited, if expanding.

But building a brand is a long-term investment. "If you look around Asia and see who was setting up brands 20 years ago, then they are reaping the rewards today," says Mr Rodney Miles, chairman of Hong Kong's retail management association.

At Goldlion, the betting is that the cigarette venture will keep the brand on people's lips.

Goldlion



1991-93 are pro forma results

Source: Goldlion

Jardine Fleming appointment beefs up senior management

By Louise Lucas in Hong Kong

Jardine Fleming, the Hong Kong based investment banking group which recently reorganised the top posts at its fund management arm, is to beef up senior management at the parent level by appointing Mr Tim Freshwater, head of Slaughter & May's corporate law practice in London.

Mr Freshwater, a career solicitor having been a partner with the law firm for 21 years, will work alongside Jardine Fleming's top personnel, including Mr Henry Strutt, managing director.

The appointment, which underlines the group's strategy to strengthen management, follows a number of regulatory concerns, but Jardine Fleming says there is no connection.

Last month the company confirmed that Jardine Fleming Asset Management (JFAM), its London regulated affiliate, was being investigated by the UK fund management watchdog concerning compliance issues.

Mr Freshwater's responsibilities will include helping with general management issues, business development and client relationship. He joins Jardine Fleming on August 1, the day after he finishes with Slaughter and May and nearly two years after Mr Strutt first initiated discussions with him.

While some of Jardine Fleming's rivals have interpreted recent developments as a power play – with executives who started life on the Robert Fleming side of the business angling for more power – Mr Strutt, a Flemings man, said the latest appointment reflected a long-established desire to strengthen top level management.

Mr Freshwater, 51, is a familiar face on the corporate finance circuits in London and Hong Kong. He worked with Lazards, the investment banking group, advising Granada in its successful acquisition of Forte, the hotels and leisure group. "After 10 years back in London, I've decided to return to the Far East," he said.

NEWS DIGEST

Kao to lift payout on earnings gain

Kao, Japan's largest household products maker, reported a rise in earnings for the 15th consecutive year, on strong sales of newly introduced cosmetics and laundry detergents.

The company saw a 4.4 per cent rise in current profits for the year to March to Y54.3bn ($507.8m) on a 2.9 per cent increase in sales to Y874.1bn. After-tax profits rose 4.8 per cent to Y27.1bn, and Kao said it would raise dividends to Y12.5 a share from Y11.5 the year earlier.

Cosmetics and hair care products rose 1.9 per cent to Y239.6bn, thanks to a new hair growth enhancer for men and a whitening essence for women. The company improved its existing laundry and dishwashing detergents and saw brisk sales in its floor wiping detergent.

On a consolidated basis, the group's recurring profits – before extraordinary items and tax – rose 10 per cent to Y53.5bn on a 4.9 per cent rise in sales to Y835.6bn.

Kao expects the current year's unconsolidated recurring earnings to rise 3.2 per cent to Y56bn on a 2.4 per cent rise in sales to Y890bn. After-tax profits are expected to rise 3.3 per cent to Y28bn. The company plans to pay for some Y39bn in convertible bond redemptions in September by dipping into its cash reserves.

Emiko Terazono, Tokyo

Semen Gresik income soars

Semen Gresik, Indonesia's largest cement producer with a capacity of 10.9m tons, said net income almost tripled last year as additional production capacity came on stream following the purchase of Semen Padang and Semen Tonasa last year. Net income in 1995 rose to Rp162.5bn ($69.8m) from Rp54.7bn the year earlier while net sales increased to Rp820.9bn from Rp309bn.

Semen Gresik, the first state-owned Indonesian enterprise to be privatised, bought Semen Tonasa and Semen Padang in 1995 and the two units started contributing to the company's earnings in September last year.

Semen Gresik injected capital into Semen Padang to strengthen its balance sheet before embarking on expansion, and this led to a strong turnround in the fourth quarter. Proceeds from the capital injections have yet to be used, thereby earning the recently-acquired unit interest income.

Semen Padang's operating margins are expected to improve this year as its completes construction of its power plant, which will allow additional production to come on stream. Semen Padang has had to rent power from the state electricity utility, PLN, which put pressure on its operating margins.

Manuela Saragosa, Jakarta

PosGold ahead sharply

PosGold, one of Australia's largest gold producers, which is controlled by Mr Robert Champion de Crespigny's Normandy group, yesterday reported a sharply higher profit after tax for the nine months to end-March, of A$62.2m (US$48.6m). In the same period of the previous year, the figure was A$41.7m before abnormals, and a loss of A$267.1m after abnormals (following large asset write-downs).

PosGold attributed the improvement to the higher realised gold price – which averaged A$616 an ounce in the most recent quarter, against A$588 a year ago – and to a higher contribution from Gold Mines of Kalgoorlie, in which PosGold holds a 31 per cent stake. This was partly offset by higher average mine operating costs and increased corporate expenses.

PosGold's total gold production for the nine months, including its pro rata share of production from companies in which it holds an equity interest, was 797,696 oz.

Nikki Tait, Sydney

Coles Myer downgraded

Moody's, the US rating agency, has downgraded the long-term and short-term debt of Coles Myer, Australia's largest retailer. The long-term debt falls from A3 to A2, while the short-term rating goes to P2 from P1.

Moody's noted that the chances of a restructuring at Coles had been largely eliminated when the company announced that it had abandoned any plan to break itself into smaller units. It also expected "increasing competition and eroding inherent profitability in some of Coles' major lines of business which, combined with a continuing need for substantial reinvestment to maintain its leadership position in the Australian retail market, are likely to weaken its earnings and cashflow relative to outstanding levels of debt". *Nikki Tait*

Sons of Gwalia claims victory

Sons of Gwalia has claimed victory in the contested bid battle for control of Gasgoyne Gold Mines, the Western Australian mining group. It said that it held more than 51 per cent of its target's shares. The rival bidder was US-based Coeur d'Alene Mines, which has a significant minority stake in Gasgoyne.

Nikki Tait

International financial news from a European perspective.

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Planned spin-off limits increase at EDS

By Richard Tomkins in New York

The planned spin-off of Electronic Data Systems, the computer services consultancy, from its parent General Motors took its toll on EDS's profits by halving first-quarter earnings growth.

EDS said rate adjustments agreed with GM as part of the spin-off plan had cost the company 3 cents a share in the first quarter. As a result, earnings per share rose just 7 per cent, from 42 cents to 45 cents.

However, on a brighter note, EDS said it had won new contract signings worth more than $1bn during the quarter. Revenues advanced by 21 per cent to $3.4bn and net profits rose 11 per cent to $2.8bn.

Earlier this month EDS, which last year earned 31 per cent of its revenues from General Motors, warned that the 10-year agreement it had signed with its parent could eat into profit margins unless it could reduce the costs of providing services to General Motors.

Yesterday, the company said the 3 cents a share impact on first-quarter earnings growth was the result of certain rate adjustments retroactive to January 1 under the terms of the new agreement.

As previously announced, EDS said, the total cost of these changes – including the latest quarter's 3 cents – was expected to be between 7 and 14 cents a share for the full year, and the company expected to record about 8 cents a share on other spin-off costs during the year.

EDS also repeated an earlier warning that it would incur a pre-tax, non-recurring charge of $500m to $750m in the second quarter to cover the cost of a voluntary early retirement offer to some US employees. It said it was "considering certain other restructuring actions".

Business from sources outside General Motors continued to grow rapidly in the quarter, EDS said. Revenues from sources other than GM rose by 28 per cent over the comparable quarter of 1995, reducing the GM component to 29 per cent of the total.

Revenues from outside the US rose by 39 per cent and made up 32 per cent of the company's first-quarter total. For the first time, EDS entered the Indonesian market.

Among the new contracts won in the first quarter was a 10-year out-sourcing agreement with Federal Mogul, a worldwide vehicle parts manufacturer. Other contracts were signed with Southwest Airlines of the US and La Caixa, the Spanish financial institution.

Continental Airlines investors to sell $260m shares

By Richard Tomkins

Air Canada and other investors who backed the 1993 rescue of Continental Airlines, the fifth biggest US carrier, are to realise part of their investment by selling up to $260m worth of shares in a secondary offering, Continental said yesterday.

The news came as Continental reported record profits of $88m after tax for the first quarter, a turnround from after-tax losses of $30m a year earlier.

Air Canada and Air Partners, a Texan investment group, together invested $450m to bring Continental out of Chapter 11 bankruptcy protection in 1993. In return, they received a 57.4 per cent equity stake, with most of the rest of the shares going to creditors.

In a complex deal, Air Canada now plans to sell up to 2.2m of its class B common shares and to convert all of its 1.7m class A shares, which carry 10 votes a share, into class B shares with one vote a share. After the offering, Air Canada expects to end up with 2.8m class B shares, representing about 10 per cent of the company's equity and 4 per cent of the general voting power.

Investors in Air Partners are selling up to 3.3m class B shares, but after the deal is completed, it will end up with shares and warrants entitling it to about 23 per cent of Continental's equity and 52 per cent of the general voting power.

Air Canada said the advent of an open skies agreement between the US and Canada had made its alliance with Continental less strategic than it looked three years ago. Meanwhile, the value of its investment had grown significantly, and it wanted to redeploy the capital. However, Air Canada said yesterday it would sell its remaining equity in Continental by early 1997.

Cisco Systems to acquire StrataCom in $4bn deal

By Louise Kehoe in San Francisco

Cisco Systems, the leading manufacturer of Internet data networking equipment, has agreed to acquire StrataCom, the top producer of switching equipment for high-speed data networks, in a stock swap valued at about $4bn.

The deal will enable Cisco to provide "end-to-end solutions" with all of the equipment required by Internet service providers and companies building private networks, said Mr John Chambers, Cisco president and chief executive.

By combining their technologies, Cisco and StrataCom believe they will be able to provide equipment that relieves the growing problem of congestion on the Internet.

"The Internet is creaking under a tremendous increase in traffic," said Mr Dick Moley, StrataCom president and chief executive.

By merging StrataCom's technologies for high-speed switching with Cisco's routing technologies, the companies aim to address the growing volume of users and traffic on the Internet and provide capabilities for new multimedia applications, he said.

As two entrepreneurial, fast growing Silicon Valley companies with complementary product lines, Cisco and StrataCom make a good match, analysts said.

However, some questioned the high valuation placed on StrataCom stock.

Cisco Systems had revenues of almost $2bn in the 12 months ending July 1995. Analysts had been projecting fiscal 1996 sales of over $3.4bn, prior to the acquisition.

StrataCom recorded revenues of $332m for fiscal 1995, ending in December, a 115 per cent increase over the prior year.

Cisco said the deal was structured so it will pay approximately $50 a share, in stock, for each StrataCom share. This represents a premium of 29 per cent over StrataCom's Friday closing price of $38⅞.

After the announcement yesterday, StrataCom's share price jumped to $48⅝. Cisco Systems was trading at $47⅛ in mid-session, up slightly from Friday's close of $47⅞.

The transaction is expected to be completed by the end of June and is subject to approval by shareholders and regulators.

The combination of Cisco and StrataCom is the largest to date in the computer networking equipment industry. It follows the 1994 merger of SynOptics and Wellfleet Communications to form Bay Networks, the 1995 acquisition of Chipcom by 3Com and many smaller deals.

The consolidation trend is expected to continue over the next 12 months as a handful of larger companies snap up small start-up groups that are inventing technology for data networking, analysts said.

In conjunction with the acquisition, Cisco and StrataCom said that they had already entered into technology licensing and manufacturing agreements.

● Cascade Communications, a competitor of StrataCom, yesterday announced an agreement to acquire Arris Networks, a privately-owned developer of remote access technology for data communications networks, for $145m in stock.

Nabisco recovery helped by lower tax

By Richard Tomkins

First-quarter profits picked up after a poor fourth quarter for Nabisco, the US food group. Net earnings rose by 10 per cent to $53m, the company reported yesterday, although it acknowledged that the improvement reflected lower interest costs and a lower tax rate, and operating profits fell 4 per cent to $181m.

Striking an optimistic note for the rest of the year, Mr John Greenians, chief executive, said a second-quarter improvement should set the stage for a "very strong" second half, driven by the company's base businesses, acquisitions and productivity improvements.

Nabisco is 80 per cent owned by RJR Nabisco, the US tobacco and food group. Last week RJR Nabisco defeated attempts by the corporate raider, Mr Bennett LeBow, to take control of the group and force an immediate spin-off of the food business.

As in the previous quarter, Nabisco's main difficulties were in the US. Domestic operating profits fell from $201m a year ago to $188m, reflecting unusually severe competition in the biscuit market triggered by United Biscuits' sale of Keebler last autumn. The company said the market was now stabilising.

The US decline was partly offset by strong growth in international profits, which rose from $44m last time to $50m.

The figures were boosted by the favourable impact of late 1995 acquisitions, particularly Primo in Canada and Royal Beech-Nut in South Africa.

Group operating profits were reduced by $57m for the amortisation of trademarks and goodwill.

Revenues rose by 8 per cent to $1.99bn and earnings per share rose from 18 cents to 20 cents.

NEWS DIGEST

Costs hinder profit at US Healthcare

US Healthcare, the US managed care company that has agreed to be acquired by the insurance group Aetna, said yesterday first-quarter operating revenues rose 29 per cent, while profits continued to be restrained by rising medical costs.

Net income at US Healthcare advanced 8 per cent to $103m, or 66 cents a share – excluding a charge of $22m taken in connection with the merger with Aetna - compared with profits of $95m, or 59 cents, in the first quarter of last year. Operating revenues rose to $1.1bn from $814m as membership jumped 25 per cent to 2.9m.

The new membership came primarily from higher cost programmes and caused the medical loss ratio – the portion of premium revenues USHC pays out in medical costs – to rise to 76.7 per cent from 72.9 per cent. USHC warned Wall Street early last year they would focus on retaining market share rather than keeping costs down, so there was little reaction yesterday to the rise in medical costs. In early trading, the shares added $¾ at $51⅞. *Lisa Bransten, New York*

AHP beats forecasts

American Home Products, the pharmaceuticals and consumer products group, topped estimates for its first quarter, reporting earnings per share of $1.55 against estimates of $1.53. That compares with $1.30 in the comparable quarter, excluding a $2.03-a-share gain on the sale of a business.

Net income was up from $399m, excluding the $624m gain, to $489m. The company said sales grew 6 per cent to $3.65bn on a comparable basis, with food products up 18 per cent as increased marketing paid off in a competitive environment. The group acquired American Cyanamid for $9.7bn at the end of 1994. That purchase sharply increased the company's interest cost, but in the first quarter net interest charges were down from $141m to $119m. *Maggie Urry, New York*

Kansas City Power rejects bid

Kansas City Power and Light, the utility, has rejected what it described as an unwelcome merger proposal from Western Resources, another utility operating in the region. The company said yesterday its board of directors had rejected the $28-a-share offer, which valued it at $1.7bn.

It said the board continued to support an earlier merger proposal from UtiliCorp, which will be submitted for approval at the two companies' annual meetings on May 22. *Reuter, Kansas City*

Flat quarter for Cominco

Stronger zinc and lead results in Canada and Peru offset the impact of lower copper and molybdenum prices for Cominco in the first quarter. Net profit was C$27m (US$19.81m), or 31 cents a share, against C$26m, or 31 cents, a year earlier on revenues of C$429m, up 32 per cent. *Robert Gibbens, Montreal*

■ Cameco, the western world's biggest uranium producer, posted an 83 per cent gain in first-quarter earnings to C$22m (US$16.14m), or 42 cents a share, from C$12m, or 23 cents, a year earlier, mainly because of unusually strong uranium deliveries. Revenues almost doubled to C$107m. *Robert Gibbens*

COMPANIES AND FINANCE: THE AMERICAS

Refining margins squeezed at US oil companies

By Christopher Parkes in Los Angeles

A first-quarter squeeze on US oil companies' refining margins may continue in the second reporting period of 1996, according to results published yesterday.

Higher crude prices, due in part to severe winter weather, bolstered the sector's exploration and production income. However, increases totalling $4 a barrel in the last two months of the first quarter, and a further $3 so far in April, combined with sharp competition in the market for refinery products to take a toll.

Higher raw material prices and a lacklustre world market for commodity products also hit chemicals earnings.

Exxon, reporting "severely depressed" refining margins in the US, Europe and Japan, said US refining and marketing divisions showed a net loss of $16m in the first three months compared with a $16m profit last time. Foreign returns in this division increased 3 per cent to $190m.

Net profits rose 13.5 per cent to $1.89bn; earnings per share were up from $1.33 to $1.51. Chevron's US refining profits were $18m compared with a loss of $102m last time, when results were hit by refinery conversions needed to make cleaner burning fuels demanded in its home state of California.

Despite the apparent improvement, the result showed a "very poor" return on capital of about 1 per cent, the company said.

Net income for the period rose 34 per cent to $616m, with earnings per share up from 70 cents to 94 cents. Profit from domestic exploration and production surged 78 per cent to $268m, and international results in this division rose 48 per cent to $251m.

International refining and marketing income was $75m – in effect unchanged, after allowing for one-off extraordinary gains last time.

Shell Oil, by contrast, reported "growth" in all operating divisions with higher output of oil and gas, increased sales of refined and chemicals products, and improved oil products margins which more than offset lower margins on chemicals. Net revenues at the Royal/Dutch Shell subsidiary rose 42 per cent to $483m.

Mobil, reporting a 16 per cent rise to $736m in group income for the quarter, said market "fundamentals are likely to remain volatile in the near term".

The quarter's improvement reflected higher petroleum income which was partly offset by increased refinery downtime and lower profits from chemicals.

The Virginia-based group, said earnings per share rose to $1.83 from $1.57 last year.

American Brands held back by strong dollar

By Richard Tomkins in New York

The strength of the dollar against sterling hindered first-quarter profits growth at American Brands, the US consumer products group that owns Gallaher, the UK's biggest cigarette company.

Net profits rose by 6 per cent to $124.1m before extraordinary items.

However, because of heavy share repurchases, fully diluted earnings per share rose by 15 per cent to 68 cents.

Gallaher's world-wide cigarette volume rose by 8.7 per cent, helped by strong gains in the UK, France, the former Soviet Union and Ireland.

A 9 per cent volume increase in the UK market was partly due to shifts in trade buying, but gains also came from a promotional programme for Benson & Hedges, the UK's biggest-selling cigarette.

In dollar terms, however, operating profits rose by less than 1 per cent to $150.2m.

The group's biggest gains came from its golf and leisure products division, which increased operating profits by 60 per cent to $38m largely because of the recent acquisition of Cobra Golf, the US maker of King Cobra brand golf clubs.

The distilled spirits division increasing operating profits by only 1.1 per cent to $36.2m, largely because growth in international markets was offset by declines in North America.

NEWS DIGEST

Laidlaw to acquire Scott's for C$836m

Laidlaw, the Canadian transport group, will become North America's biggest school bus and ambulance operator following its C$836m (US$662m) takeover of Scott's Hospitality. Laidlaw will pay the equivalent of C$14 a share for all Scott's shares, including the controlling family group's 64 per cent voting interest.

Scott's operates 6,000 school buses in Canada and the US and also has a national fast food business. It recently sold its UK hotel chain for C$374m.

Laidlaw will later sell Scott's food business to A&W Canada, a Vancouver-based national fast food restaurant chain, for between C$250m and C$300m. After other small disposals, including 400 fast-food units in the UK and the US, Laidlaw estimates the net cost of Scott's school bus business will be C$425m to C$450m, including debt.

Laidlaw's 35,000 school buses and ambulances in North America will have annual revenues of C$3.5bn. Scott's operation will contribute profits immediately.

Robert Gibbens, Montreal

Barrick profits flat

Barrick, the Canadian mining group which is the biggest gold producer outside South Africa, enjoyed significantly higher first-quarter output from its North and South American mines, but earnings were held back by heavy development spending. Net profit was US$72m, or 20 cents a share, against $71.1m, or 20 cents, a year earlier, on revenues of $334.5m against $306m. Operating cash flow was $121m against $115m.

Betze-Post in Nevada performed strongly and Chilean and Canadian production was higher than forecast. Barrick spent $16.3m on exploration, almost double the previous year's level. Total gold production was 800,515 oz, against 710,431 oz and average realised price was $413 an ounce.

The new Pascua open pit mine in Chile, which is costing $300m to develop, increased reserves to 4.4m oz from 3.4 oz at December 31 last, and starts production late in 1998 with target annual output of 300,000 oz.

Barrick has one Canadian mine coming on stream last this year and is building up its presence in Asia and west Africa.

Robert Gibbens

Placer Dome in reverse

A sharp drop in molybdenum prices and higher exploration and interest expense reduced first-quarter earnings at Placer Dome, the Canadian mining group, to US$8m, or 3 cents a share, from $37m, or 16 cents, a year earlier. Revenues were $263m against $236m.

Cash flow from operations was $68m against $71m, and operating earnings from gold were $41m against $43m. Total gold output was 458,000 oz, compared with 400,000 oz. The average cash production cost was $245 an ounce, and the average realised gold price was $404 an ounce. Placer plans to produce a total of 2m oz in 1996 from its international mining operations.

Copper revenues were lower but will move up later this year as the Zaldivar mine in Chile approaches full production and Australian inventories are sold. The latest quarter included a $3m special charge for the accidental tailings discharge in the Philippines.

Mill throughput at Porgera, Papua New Guinea, is rising to 16,500 tonnes daily. The 60 per cent owned Cortez gold mine in Nevada will start up in mid-1997 with target annual output of 250,000 oz, while in Canada the Musselwhite mine starts up in second quarter of 1997 with an annual capacity of 135,000 oz.

A go-ahead at Las Cristinas in Venezuela would add 315,000 oz and for Mulatos in Mexico, another 100,000 oz.

Robert Gibbens

Champion buys up Weldwood

Champion International, the big US paper group, is buying out the 16.5 per cent public holding in its Weldwood forest products subsidiary in Canada for C$251m, or C$40.50 a share. The dramatic drop in pulp prices reduced the company's first-quarter earnings to C$11m, or 29 cents a share, from C$48.9m, or C$1.30, a year earlier.

Robert Gibbens

Strong demand for components and sale of manufacturing side behind advance

Former Farnell almost doubles to £110m

By Christopher Price

Strong demand for electronic components and a one-off gain from a disposal helped the former Farnell Electronics, recently renamed Premier Farnell, to an 87 per cent rise in pre-tax profits last year.

The distribution group, which earlier this year more than doubled its size with the £1.8bn ($2.7bn) purchase of Premier Industrial of the US, reported pre-tax profits of £110.9m (£59.2m) in the 12 months to January 28, including a gain of £35.3m from the sale of the manufacturing operations.

Turnover included a £15.7m contribution from Combined Precision Components, bought in May.

Strong demand for volume electronic components to the group's large customers weakened in the fourth quarter as competition in the UK market intensified. Continental European sales also weakened towards the year-end, with sluggish French and German economies.

In the catalogue distribution business, European sales were strong, with margins also being maintained. A new sales and distribution facility was opened in Singapore, with an additional sales office opened in Malaysia.

Net cash stood at £59.6m (£13.7m), after taking into account £11.2m of costs relating to the Premier deal.

Mr Howard Poulson, chief executive, said the management was concentrating on integrating the merged groups' operations. A new management structure was being studied with an announcement expected next month.

PROFILE

PREMIER FARNELL

Market value: £1.9bn Share price: 721p -4p

	1992	1993	1994	1995	1996*
Turnover	£204.9m	£254.3m	£220.1m	£314.2m	£536.9m
Pre-tax profit	£32.7m	£41.6m	£48.1m	£59.2m	£110.9m
Earnings per share	18.9p	20.7p	24.4p	28.7p	57.6p
Dividend per share	5.9p	6.2p	7.4p	9.0p	10.8p

* All figures relate to Farnell Electronics only

Howard Poulson, chief executive

City's IT spending set to increase by 10% to £2.2bn

By Christopher Price

Information technology expenditure in City dealing rooms is forecast to rise by 10 per cent to £2.2bn ($3.34bn) this year, with half the amount being spent on the purchase of new systems.

The figures, which also predict expenditure of £1.1bn on technology running costs, are included in the 1996 UK Dealing Room Survey by Kimsey Consulting*, a London-based financial technology consultancy.

Part of the increase in IT expenditure is attributed to a rise in new dealing positions, which have risen for the first time in nine years. The report estimates that there are 27,000 dealing positions in the UK.

Demand for new dealing room technology remains "buoyant", with about half of UK dealing rooms having undertaken some upgrade during the last 12 months. This compares with the same number last year, 36 per cent in 1993 and 23 per cent in 1992.

The report also forecasts that demand for new dealing room technology will remain firm, with about 29 per cent of UK dealing rooms planning to upgrade a large part of their technology infrastructure during 1996.

The survey also found that Internet usage was still a very limited part of of the trading process. This was mainly because of concerns over security and limited knowledge.

*1996 Dealing Room Survey, Kimsey Consulting, 70 Collins Drive, Eastcote, Ruislip, London.

Prudential interested in Friends Provident

By Alison Smith, Investment Correspondent

Prudential, the UK's largest life assurance group, has emerged as a late contender to buy Friends Provident, a mutual life assurer, which is expected to decide its future this week.

Directors of Friends Provident, which analysts estimate to be worth £750m to £1bn ($1.52bn) are meeting in the next few days to consider a number of possible offers from leading financial services groups.

Those which have expressed interest include Sun Alliance, the composite insurance group, and Abbey National, the home loans and banking group.

Both organisations were also among those interested in buying Clerical Medical, a mutual life assurer which announced last month that it was accepting an £800m offer from Halifax Building Society.

Friends Provident, which has about £15bn in funds under management, has stated its readiness to stop being a mutual organisation if this helped its business strategy.

Smiths' purchases follow growth strategy

By Stefan Wagstyl, Industrial Editor

Smiths Industries, the aerospace, medical and industrial equipment group, is spending £68.6m ($105m) to take over two companies, one making electrical conduits, and the other ventilation equipment.

Smiths, which has made acquisitions a core element of its expansion plans, will incorporate the businesses in its industrial equipment division.

Sir Roger Hurn, chairman and chief executive, said: "The industrial group has become a much more clearly focused operation in recent years and we are buying two businesses here which ideally complement that strategy."

The bigger of the two purchases is Air Movement, a manufacturer of ventilation equipment for offices, warehouses and factories. It employs 350 and has a national distribution network of 20 offices called Fans and Spares which handles products including Smiths' Vent-Axia fans.

Smiths is paying £47.3m for the family-owned business, which has net assets provisionally valued at £17m and made pre-tax profits of £5.5m in the year to March 31 1995.

Smiths is also buying Adaptaflex, a maker of conduits for protecting wiring in industrial sites.

It had net assets last June of £5.3m and reported profits in the year to June 30 of £2.4m pre-tax. The purchase price is £21.3m.

Sir Roger said the two would add sales of about £50m to Smiths and would make "a useful contribution" to profits after taking into account financing costs in their first full year with Smiths.

Smiths last week reported a 19 per cent increase in pre-tax profits to £69.5m on sales of £466m for the six months to February 3. About half the gains came from two earlier acquisitions, including FRB, a maker of specialised electrical connectors.

The two purchases take Smith's spending on acquisitions to about £470m since 1991, £240m of it spent in the industrial division and most of the rest in medical equipment. Spending in aerospace is concentrated on research and development.

Like many previous deals, yesterday's acquisitions were the result of friendly approaches from companies Smiths knew. Analysts said the acquisitions seemed to fit the existing group well. Smiths' shares closed down 8p at 720p.

DIGEST

Sears sells Dutch retailer for £47m

Sears, the UK retail group, yesterday continued its refocusing drive with the £46.6m ($71m) sale of Hoogenbosch Beheer, the leading Dutch shoe retailer. The disposal ends Sears's 25 year involvement in continental European shoe retailing.

The purchasers are a management-led team backed by CVC Capital Partners and CINVen. Five retail chains and 308 outlets – 296 of them in the Netherlands – are being acquired. Hoogenbosch made a £1.4m pre-tax profit on sales of £150m in the 12 months to February 3. Net assets sold amount to £70m, leaving Sears with a £25m loss on the disposal. Last year it wrote off a further £43.9m of goodwill on the business after unravelling a joint venture with Sears Andre.

Total funding raised for the deal is Fl 100m (£39m), including Fl 26m of equity provided by CINVen, CVC and management. ABN Amro has put up Fl 50m of debt, with a further Fl 24m in the form of loan notes issued to Sears.

Christopher Brown-Humes

Everest agrees McCain bid

Shares in Everest Foods jumped 30p yesterday to 109p after the frozen potato products specialist accepted an offer of 110p a share from McCain Foods, the wholly owned UK subsidiary of McCain Foods Group, the family-owned Canadian company.

The bid values Everest at about £28m ($43m) and represents a 39 per cent premium to the market price on April 19 of 79p, the last day of dealing before the announcement.

For the six months to November 30, it reported pre-tax profits of £1.7m on turnover of £17.4m; net assets on that date were £16.9m.

Mr George Sanders, chairman of Everest, said since the interim results the trading outlook had deteriorated and it had become apparent that the future of the company "would be best assured as part of a larger food manufacturer".

McCain said the "generous" offer took into account the strategic benefit of Everest and that Everest was a good fit with its existing UK facilities.

Sophy Buckley

Wellman in $17m ESP buy

Wellman, the engineering and transport group, has acquired ESP, based in Connecticut, for $17.1m cash. ESP has engineering facilities in Tucson, Arizona, and small wholly owned subsidiaries in Mexico, Germany and the UK. Its main business is supplying products and services for testing motor vehicle emissions.

For the year to December 31, ESP reported pre-tax profits of $1.5m on turnover of $21m. It expects a significant increase in business as a result of new American legislation on emissions.

Mr Alan Baxter, chief executive of Wellman, said the acquisition offered synergy benefits and an entry into the US for its Crypton diagnostic equipment.

Mid Kent bid judgment today

A High Court judge will today decide whether to hold up plans by two French conglomerates to bid for Mid Kent Holdings, one of Britain's smaller water companies.

Mid-Kent has challenged the proposed takeover on the grounds that General Utilities, the UK subsidiary of France's Compagnie Générale des Eaux, gave legally binding undertakings to the trade secretary in 1991 not to increase its stake in Mid Kent from 19.5 per cent. General Utilities wants to bid for the rest of the company with Saur Water Services, which owns another 19.4 per cent of Mid Kent and is a subsidiary of the Bouygues conglomerate's Saur International.

Both CGE and Saur already own a number of stakes through their UK subsidiaries in England's smaller water-only companies. Their plan, if they manage to acquire Mid Kent, is to split it into two. Its eastern half would be subsumed into CGE-owned Folkestone and Dover Water Services, and the western half would go to South East Water, which is owned by Saur.

Leyla Boulton

Cater Allen money funds

Cater Allen, the financial services group, is to launch two money market funds aimed at small and medium-sized UK companies and institutions. One will be a sterling fund, the other a dollar fund, and others could follow.

The funds will be managed by Cater Premium Treasury Management, a joint venture between Cater Allen and Premium Management, a fund management company which specialises in the insurance market.

The launches are part of a trend towards more specialised and diversified cash management in the wake of last year's collapse of Barings. That episode persuaded institutions that leaving cash on deposit with a few banks was a risky strategy.

Philip Gawith

LIG acquires Aladan in $70m deal

By David Blackwell

London International Group, the condom and rubber glove manufacturer, yesterday announced a $69.5m acquisition that will give it a significant share of the US medical examination glove market.

It is paying $51.9m cash and issuing 4.4m new shares for Aladan Corporation, an Alabama-based private company founded in 1987. The deferred consideration of $9.6m depends on performance.

LIG shares closed yesterday up 6p at 128p. Analysts welcomed the deal, suggesting it marked the completion of the group's return to health.

Aladan has net assets of $29.2m and made operating profits last year of $10.5m on sales of $85.9m.

Mr Nick Hodges, LIG chief executive, said that Aladan was able to make both condoms and rubber gloves at its two plants – technology that was not available to LIG, which uses different plant for each product. However, LIG was the world leader in powder-free gloves, and would be investing £10m over two years in order to apply its patented technology to Aladan's gloves. The group would then be the world leader in powder-free surgical and examination gloves. Aladan has a 13 per cent share of the US examination glove market, the world's largest.

LIG is also confident of retaining Aladan's contract with the US Agency for International Development for unbranded condoms. The contract is for 250m condoms a year for three years, but is subject to annual renewal.

In the last six months, LIG has acquired condom manufacturers in Malaysia and Spain. It has also continued its disposal programme as it concentrates on the core condom and glove businesses.

Mr Hodges said he was still looking at another couple of condom makers and another glove company. LIG was also in the process of selling Cook Bates, the manicure business.

Southern considers bid for NatPower

By Patrick Harverson

Southern Company, the Atlanta-based utility, was yesterday considering whether to make a hostile bid for National Power after the UK electricity generator unveiled an agreed £2.5bn ($3.8bn) cash offer for Southern Electric, the UK regional supplier and distributor.

The deal, which has yet to receive government approval, could deter Southern from bidding for National Power because the US group, which already owns a UK regional supplier in Sweb, fears a bid for the generator and Southern Electric would run into regulatory and political opposition.

The chances of Southern launching a hostile bid for National Power were now only 50-50, said an executive close to the group last night.

However, any bid is unlikely to come until after Mr Ian Lang, the trade and industry secretary, has ruled on the Monopolies and Mergers Commission's report into the National Power takeover of Southern Electric and rival generator PowerGen's offer for Midlands Electricity, another regional supplier.

National Power hailed its agreed bid for Southern Electric as a big step in its strategic realignment into an integrated international power company. It said the deal would be earnings enhancing, and would "create scope" for returning further value to shareholders through a more aggressive dividend policy.

However, Southern's advisers yesterday attacked the Southern Electric deal, arguing National Power had been panicked into overpaying for the regional supplier as a defensive measure against a possible bid from the US group.

National Power agreed to pay 960p a share for Southern Electric, whose shareholders will also receive a 26.3p special interim dividend.

The generator's original offer for Southern Electric last October was £10.10p a share, but since it lapsed following the deal's referral to the MMC the supplier has changed its share structure, paid shareholders a special dividend and a one-off distribution from from the sale of its share in the National Grid.

According to National Power, these changes meant its original offer was worth about 884p a share on a like-for-like basis.

Lex, Page 16

Analysts go sweet on food group as it turns in strong interim results

ABF beats forecasts to £198m

By Roderick Oram, Consumer Industries Editor

Associated British Foods yesterday beat analysts' forecasts for its interim pre-tax profits thanks to an surge in its retailing businesses and higher profits at British Sugar.

Pre-tax profits rose 14 per cent to £198m ($300m) on sales up 19 per cent at £2.68bn, but the company warned that second-half growth was unlikely to be as strong.

The strong result and a £56m increase in its net cash to £454m over the past 12 months intensified City speculation about ABF's acquisition plans.

"With shareholder funds of £2.5bn and a cash mountain of £700m by the end of the year, they could do something major league," said Mr David Lang, food analyst with Henderson Crosthwaite.

Further investment in food ingredient companies, particularly abroad, were the most likely target.

Mr Garry Weston, executive chairman, has indicated an unwillingness to invest much more in businesses selling directly to British supermarket chains. He believes they exercise too much power over their suppliers.

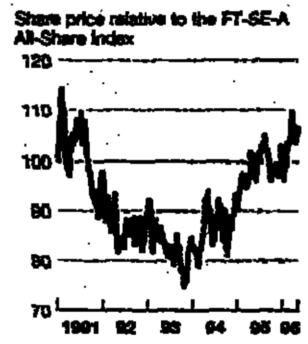
Operating profits from manufacturing in the 24 weeks to March 2 rose 12 per cent to £147m on sales ahead 23 per cent to £1.97bn. Included was British Sugar, where profits were up £3m at £87m on sales up 2 per cent to £419m. Sugar benefited from devaluation of the green pound and forward buying from customers ahead of a price increase.

ABF, the UK's largest baker, increased milling and baking profits by £6m on an undisclosed base thanks to a small price increase and improved efficiency.

Profits from retailing rose 55 per cent to £34m. The main factor was an improved performance from Primark, its discount textile retailer. It benefited from a 40 per cent increase in the number of its UK stores.

Associated British Foods

Share price relative to the FT-SE-A All-Share Index



Source: FT Extel

RESULTS

		Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Assoc British Foods	24 weeks to Mar 2	2,678 (2,248)	198 (173)	14.3 (12.6*)	4.25	Sept 2	4.25*	-	8.75*
Bletchi Milling	Yr to Dec 31	0.898 (0.515)	0.114 (0.334¶)	0.91 (3.08)	0.75	Aug 27	0.71	0.75	0.71
Cream (James) §	Yr to Dec 31	262.3 (259.3)	15¶ (15)	19† (20.4)	8.65	-	8.25	14.875	14.175
ES	Yr to Dec 31	422.5 (347.2)	20.3 (18.4)	28.5† (27)	9.6	July 10	9.3	13.1	12.7
Eurotunnel	Yr to Dec 31	298.6 (30.6)	924.3¶ (386.5¶)	- (-)	-	-	-	-	-
FG §	Yr to Dec 31	12.7 (12.2)	1.07 (1.02)	2.88 (2.45)	0.5	Aug 30	0.4	0.5	0.4
Lionheart	Yr to Dec 31 ★	30.7 (41.2)	0.85L (6.16L)	3.68L (3.37L)	nil	-	nil	nil	nil
London & Ass Props	Yr to Dec 31	5.1 (4.82)	1.73 (1.71)	1.87 (1.91)	0.67	Aug 30	0.63	0.72	0.68
Premier Farnell	Yr to Jan 28	538.9 (514.2)	110.9¶ (59.24)	57.5† (28.7)	6.2	July 2	5.2	10.8	9
Reed Executive	Yr to Dec 31	150.2 (115.3)	8.82 (6.39)	11.1 (7.6)	1	July 19	1	2	2
Ronson	Yr to Dec 31	34 (23)	4.02 (2.72)	8.49 (5.24)	1.25	July 1	1	1.5	1
Union Square	9 mths to Dec 31 ‡	0.79 (1.45)	0.478 (2.3)	0.34 (0.9)	-	-	-	-	-
Investment Trusts		NAV (p)	Attributable Earnings (£m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Lowland	6 mths to Mar 31	333.7 (291.8)	1.05 (1.08)	4.42 (4.5)	4	June 7	3.5	-	10.5
Mercury Keystone	6 mths to Mar 31	810.59 (630.51)	3.6 (1.55)	25.36 (10.9)	6	June 20	5	-	17.5

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *Equivalent after allowing for scrip issue. §Irish currency. ♦After exceptional charge. ¶After exceptional credit. †On increased capital. ‡Post tax. ★Comparatives restated. ‡Comparatives for year to March 31.

Organic growth puts WPP ahead

Strong organic growth helped WPP, the advertising and public relations group, increase revenues for the first quarter of 1996 to £390m, a 13 per cent rise. Gross profit also rose by more than 13 per cent.

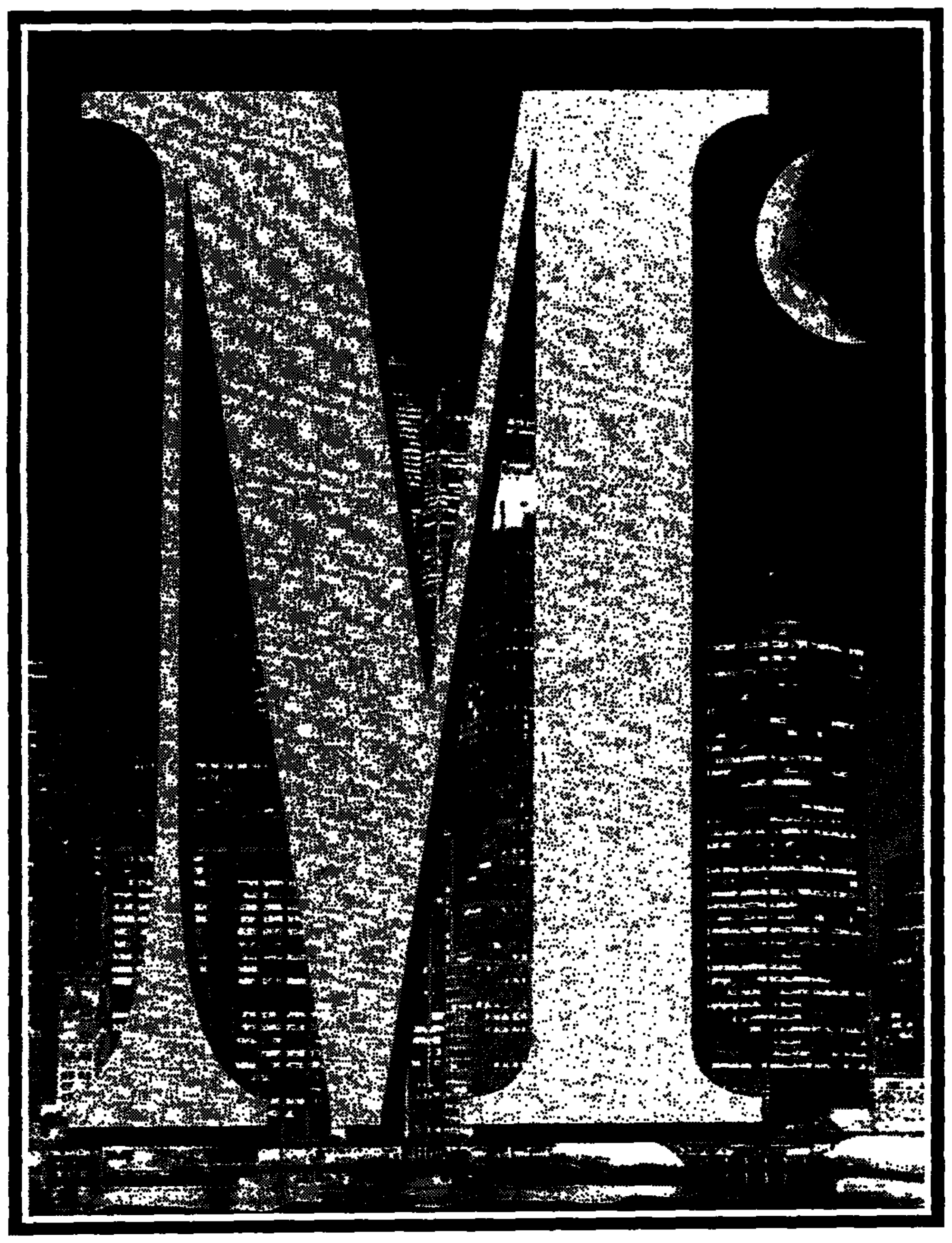
Virtually none of the revenue growth came from acquisitions: on a like-for-like basis revenues and gross profit rose by 10 per cent.

The fastest growing regional markets were Asia/Pacific, Latin America, Africa and the Middle East, which showed 14 per cent growth and contributed 16.4 per cent (16 per cent) of group revenue. The North American market also performed above the group average, at 14 per cent, but the UK slowed.

The company warned of "some variability in the pattern of future revenue growth" because of the combination of a lack of the feel-good factor and high levels of unemployment in the slower growing mature economies.

Net debt in the first quarter averaged £154m (£204m).

The shares fell 1p to 210p.



LAW

Power stations' funds challenge

EUROPEAN COURT

The challenge by Greenpeace and 18 other individuals and organisations for the annulment of a European Commission decision to give financial assistance to Spain for the construction of two power stations on the Canary Islands has been ruled inadmissible by the European Court of First Instance.

The applicants sought an order from the court that the commission decision to give further sums was void on the basis that Spain had failed to comply with community environmental law and policy, in particular the Environmental Impact Assessment Directive. The commission, supported by Spain, challenged the admissibility of their claim.

The court considered whether the applicants had standing to bring the action, dealing first with the position of the individuals.

It reiterated its earlier case law, which established that persons other than the addressee of a decision could claim that the decision was of direct concern to them only if it affected them by reason of certain attributes which were peculiar to them, or by reason of factual circumstances which differentiated them from all other persons.

The applicants argued the court should free itself from the restrictions which that case law imposed, and concentrate on the sole fact that the applicants had suffered or potentially would suffer detriment or loss from the harmful environmental effects arising out of unlawful conduct on the part of the European Union. They stressed their interests affected by the contested decision were not economic, as had been the case in most judgments on this point.

However, the court concluded that the essential criterion applied in earlier cases remained applicable whatever the nature of the applicants' interests affected. The criterion which the applicants sought to have applied might affect generally and in the abstract a large number of persons who could not be determined in advance in a way which distinguished them individually. That broader criterion could not therefore be accepted.

The 16 private individual applicants relied either on their objective status as "local resident", "fisherman" or "farmer", or on their position as persons concerned by the consequences which the building of two power stations might have on tourism, on the health of Canary Island residents and on the environment.

They did not rely on any attribute substantially distinct from those of all the people who lived or pursued an activity in the area. The applicants therefore were not affected by the contested decision in such a way as to differentiate them from all other persons.

Three of the individual applicants had earlier submitted complaints to the commission in relation to the building of the power stations, but the court held that merely submitting a complaint and subsequently exchanging correspondence with the commission did not give a complainant standing. The claims of all of the applicants who were private individuals were therefore held inadmissible.

In respect of the associations, including Greenpeace, the Court said it had consistently been held that an association formed for the protection of the collective interests of a category of persons could not bring an action for annulment where its members could not do so individually.

Special circumstances might justify holding admissible an action brought by an association whose members were not directly and individually concerned by the measure.

However, the correspondence and meeting which had taken place between Greenpeace and the Commission in the present case was for the purposes of information only and could not constitute such special circumstances. The associations' application was also declared inadmissible.

T-585/93: Stichting Greenpeace Council and others v Commission, CFI 1CH, August 9 1995.

BRICK COURT CHAMBERS, BRUSSELS

INTERNATIONAL PEOPLE

Miyahara steps up at Sumitomo

Sumitomo Corporation, one of Japan's top general trading companies, has nominated Kenji Miyahara, a veteran of its US business and current vice-president, to become president, the top executive job, next June.

Miyahara, 60, has worked his way through Sumitomo's ranks since joining as a graduate in the steel tube trading division 37 years ago. He succeeds Tomiichi Akiyama, 66, who is stepping aside after the usual six years as president to take the job of chairman, an honorary role.

The new president, a fluent English speaker, is said by Sumitomo officials to have an international turn of mind, a consequence of two postings in New York.

He takes over during a turnaround in the fortunes of Sumitomo, which derives 80 per cent of its turnover from trading in metals, machinery and fuels. Sales have declined in the past four years from an unconsolidated Y16,530bn ($154.5bn) in the year to March 1993, to an estimated Y16,000bn in the 12 months just ended, a consequence of falling commodity prices and the weakness of Japanese domestic demand. However, Tokyo equity analysts expect a revival in recurring profits – before tax and extraordinary items – this year, to Y42bn from Y36bn in the year to March 1995, thanks to capital gains from its equity portfolio, cost cutting and a rise in sales of steel goods to Asia. *William Dawkins*

Trafalgar directors go

Nine directors are leaving Trafalgar House in a boardroom clear out, following its £904m takeover by Kvaerner, the Norwegian engineering and shipbuilding group.

Among those leaving the UK construction, engineering and shipping conglomerate are Simon Keswick, chairman, and Nigel Rich, group chief executive. Three directors, however, are to remain on the board of the Kvaerner subsidiary.

Peter Ward, chairman of Cunard, pictured above, is to continue with his restructuring of the troubled shipping line – which gives an indication that Kvaerner might be pulling back from a rapid sale of the loss-making business.

Since arriving at Trafalgar last year, Ward has indicated that it could take more than two years to return Cunard to profit.

John Fletcher, the Trafalgar director responsible for business development and marketing, will continue to work for Kvaerner from his base in Hong Kong. Alan Winter, meanwhile, is to continue overseeing Trafalgar's commercial property.

Kvaerner said Nigel Rich, David Gawler, finance director, and James Watkins, legal director, would also remain temporarily to see through the integration.

Once the takeover has been fully completed, they will leave the company and should receive compensation for loss of office.

Kvaerner said all Trafalgar's non-executive directors had resigned. They were Sir Charles Powell, non-executive deputy chairman, Dick Evans, Sir Archibald Forster, Rodney Leach and Cob Stenham. *Tim Burt*

Fuji chooses Tanaka

The choice of Takeshi Tanaka as the new president of Fuji Heavy Industries comes as no surprise to those who are familiar with the company.

Tanaka, 60, who has been vice president since last June, joined the company in 1990, with Isamu Kawai, the current president, from Nissan. It was part of an effort by the latter, Fuji Heavy's largest shareholder with a 4.2 per cent stake, and the Industrial Bank of Japan, Fuji Heavy's main bank, to try to return the loss-making vehicle maker to profitability.

Known for his capacity for hard work, Tanaka is also well-regarded within Fuji Heavy, where his gentle manner and amiable personality have won him loyal support.

For more than 20 years, Fuji Heavy has welcomed presidents in turn from Nissan and IBJ. Tanaka's appointment as the second consecutive president from Nissan has triggered speculation that the cooperative relationship between Nissan and Fuji Heavy will be strengthened.

Fuji Heavy, which has made vehicles for Nissan on an original equipment manufacturer basis, could be further integrated into the Nissan group, in an ongoing restructuring of the Japanese vehicle industry. *Michiyo Nakamoto*

Barrett takes charge

Roy Barrett's appointment as the new managing director of Goodbody, the stockbroking arm of Allied Irish Bank, is just the latest attempt by Ireland's largest bank to try to recreate its market dominance in banking in its brokerage subsidiary.

Barrett, currently head of equities, is the fourth md since the company was taken over by AIB in 1989.

Rather than institutional sales, or private clients, Irish bourses rely on corporate finance and client fund raising for much of their fee income. Barrett has been appointed to recoup some of the ground lost in this area to its key rival Davy, Bank of Ireland's broking subsidiary. Of Ireland's 10 largest listed companies, eight are handled by Davys. AIB is currently Goodbody's only large client.

Barrett, although young even by the standards of Irish finance houses, was head of international equities at NCB brokers having worked in London with SG Warburg and Paribas. At NCB, he was widely credited with attracting foreign institutions into Irish equities. He left the company shortly after NCB was taken over by Ulster Bank.

Since his arrival at Goodbody, the firm has demonstrated its corporate finance skills, successfully selling the remaining 15 per cent of the government's shares in Irish Life, the country's largest life and assurance company. *John Murray Brown*

ON THE MOVE

■ Robyn Ahern, 40, has been appointed a director of BANKWEST, with effect from May. She is currently chief operating officer of Ahern Holdings, a private company of five department stores in Perth. BankWest is now controlled by Bank of Scotland.

■ KONINKLIJKE PTT is to appoint PTT Telecom BV executive vice-president Paul Smits, 49, to the management board, from Septemeber 1996. He will initially remain a member of the Unisource supervisory board. Johan Kooij, 47, PTT Telecom's Network Services managing director, will be appointed to the board of PTT Telecom, from June, assuming most of Smits' responsibilities.

■ Roger Prain has been appointed chairman of BANQUE VERNES and Serge Dassault becomes deputy chairman, following the death of the bank's former chairman, Jean-Marc Vernes.

■ Lutz Mellinger, a member of the management of the Munich branch of DEUTSCHE BANK, has been appointed chief executive of mortgage unit Frankfurter Hypothekenbank Centralboden AG. He replaces Bernt Rohrer, who will retire on July 1.

■ Robert Jeffe, 45, and Thomas Barber, 40, have been appointed by CS First Boston as managing directors in the investment banking department, based in New York.

■ Otto Gmeiner, 40, is taking over the management of EMAP DEUTSCHLAND. He will also belong to the management board of EMAP Business Communications of London and will report to new board chairman Tony Tillin.

■ Nick Greiner, ex-NSW premier, has been appointed chairman of WD & HO WILLS, part of BAT Industries, following the retirement of former chairman Bob McComas.

■ BANK OF MONTREAL has announced the appointment of Renah Persofsky as president of Cebra. Persofsky becomes the founding president of Cebra, the Bank's new electronic commerce company.

■ Kiran Rao, North America director of airline marketing for Airbus Industrie, has been appointed as AIRBUS INDUSTRIE president for India.

■ TEXACO have announced the formation of a new division charged with designing and implementing the company's international exploration program. This will be led by Bruce Appelbaum, who has been appointed president.

■ James Wilkes, president of Ameritech Michigan, has been appointed chief finance and administrative officer of BELGACOM, the national telecommunications operator of Belgium. Robert Cooper, currently vice president of human resources for Ameritech cellular services, becomes president of Ameritech Michigan, succeeding Wilkes.

■ William Sims, 36, a senior executive of JVC Company of America becomes president of ZENITH SALES. He reports to Zenith president and chief executive Al Moschner.

■ Paul Davies has been appointed executive vice president of AON GROUP and vice chairman of Aon Re Worldwide, the reinsurance intermediary arm of Aon Group.

■ Martin Glunz, vice chairman of GIUNZ AG has been promoted to chairman. He will continue to head the finance department. Albrecht Ehlers will now be a full member of the board and has also been appointed as Glunz' new works manager.

■ Werner Albert Schuster and Ernst Seülen have been appointed board members at Bonn-based DSL BANK, where they have been deputy board members since 1994.

■ Wolfgang Eckel has been appointed to the management board of FELTEN & GUILLEAME, the energy technology group of Cologne. Dieter Puetz has left the firm.

■ Diethart Breipohl, a board member at ALLIANZ AG of Munich, has been appointed to the supervisory board of RWE AG of Essen. He takes over from the late Wolfgang Schieren.

■ Luigi Bonacina, for many years director general of Credito Artigiano, has been appointed by the Italian holding company GEMINA to the group's board. He replaces Piero Schlesinger, who was appointed to the board in early February but resigned later in the month.

■ BANQUE SCANDINAVE EN SUISSE, headquartered in Geneva, has announced a number of changes to its management. Pierre Dejardin-Verkinder, chairman, and Arnold Meilland, the director responsible for institutional business and financial analysis, have both resigned. Gregoire Dinichert, who previously headed the bank's legal department, has been appointed to oversee operative business. Meilland has been succeeded by Jean-Michel Gross, who was hitherto responsible for foreign institutional investors.

■ Five directors of PACIFIC FOREST PRODUCTS are stepping down in the wake of an unsuccessful takeover bid by Pacific's parent company, Avenor Inc. Those resigning are Jake Kerr, Clark Binkley, dean of forestry at UBC, Arthur Hara, chair of Mitsubishi Canada, Anthony Petrina, a West Vancouver consultant, and Brian Canfield, chairman and chief executive of BC Tel and BC Telecom. Replacing them are lawyer David Smith, John Croll, a former vice-president at Crestbrook Forest Products and Stanley Davidson, a former Bank of Montreal executive.

■ Kevin Doddrell has been appointed chief executive of ANSETT NEW ZEALAND, replacing Rick Ellis. Doddrell, formerly managing director of U-Bix Business Machines, has been in a consultancy role with Ansett for the past four months.

■ Gilles Laporte has been appointed chief executive officer of SOREMA INTERNATIONAL. This appointment is in addition to his existing role as deputy managing director and finance director of Groupama Assurances. Gerry Boyle has been appointed as non-executive director of Sorema (UK). He will shortly retire from his position as managing director of Eagle Star UK's Commercial Business Division.

■ Martin Connell, Harley Hotchkiss, and John Lamacraft have joined the board of ALBERTA ENERGY. Connell was chairman of the board of Conwest; Hotchkiss holds directorships in Nova Corporation, Paragon Petroleum Corporation and Telus Corporation; Lamacraft was president and chief executive of Conwest.

■ Robert Struble, 32, previously director of corporate strategic management, is appointed president of the Westinghouse Wireless Solutions Company, a unit of CISCO.

International appointments

Please fax announcements of new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

COMMODITIES AND AGRICULTURE

India releases more cotton for export

By Kunal Bose in Calcutta

The Indian federal government has released a further export quota of 200,000 bales (170kg each) of staple cotton in an attempt to shore up the prices of the commodity in the domestic market. The export authorisation would have come earlier had not the Election Commission ordained that the government must not take any such initiative while the campaign for the forthcoming general election was on.

However, a recent directive by the Hyderabad High Court that the Election Commission should prevent the government from attending to the problems of the cotton growers paved the way for the release of an additional export quota for the current September-August season. Up to now the government has allowed the export of 1.15m bales of cotton in six instalments, compared with last year's total exports of only 183,000 bales.

Because of the poor crop forecasting system in the country – the Indian Cotton Advisory Board could not finally confirm the 1994-95 crop at 12.85m bales in February, five months after the season was over – the federal government considers it wise to release the export quota in stages.

Farmers' organisations like the Gujarat State Co-operative Cotton Sangh and the Tamil Nadu Cotton Growers Federation think that the sharp drop in cotton prices during the heavy arrival period could be avoided if the government would grant a bulk export quota at the beginning of the season. Moreover, they say the government should ask the merchant exporters to complete the procurement of cotton for export by April instead of August.

Once again, the CAB seems to have been caught on the wrong foot as far as crop forecasting goes. At its February meeting, it estimated the current season's crop at 13.65m bales but a consensus is now developing that India is in the process of harvesting a record crop of nearly 14.5m bales during the 1995-96 season. This has prompted Mr Bipinbhai Desai, president of the Gujarat Rajya Khedut Samaj, to ask the government to release a minimum of 2m bales for export in the current year.

According to the growers' organisations, the crops in Punjab, Maharashtra and Rajasthan are much larger than last year's. Gujarat has also done well in terms of crop size. But growers in Gujarat are said to have been hit a wide variation in crop quality.

Farmers have so far brought over 13m bales into the market, compared with about 11m bales in the same period last year. Apart the record crop and the delay in the sanction of the last instalment of export quotas, prices have been kept low by the inability of textile mills to lift adequate quantities of because of a liquidity crisis.

British pig breeders bring home the bacon

The UK is estimated to supply 7 to 8 per cent of genetically improved animals

FARMER'S VIEWPOINT

By David Richardson

The UK may have a few problems convincing the rest of the world of the quality and safety of its beef – which is something of a paradox, because this country is an acknowledged leader in such ethical matters as traceability and animal welfare – but it has a much better story to tell about its pigs.

Although the UK has only 1 per cent of the world's 70m sows its pig breeding companies supply an estimated 7 to 8 per cent of the genetically improved males and females that are purchased by the pig farmers of the world each year. One company alone – PIC, a subsidiary of Dalgety – is by far the biggest pig breeding company in the world and supplies 5 per cent of the market.

To maintain the world's pig herd at or around its present level requires that about 28m female pigs be kept for breeding each year. Of these, 75 per cent are home-bred; saved from slaughter by farmers who are content to maintain current quality and performance and used for breeding. Of the other 25 per cent, PIC claims one fifth and the host of other breeding companies around the world share the remaining four fifths. This leads to sales of genetically improved PIC breeding females to the world's increasingly specialised pig farmers of about 1.5m head each year.

The company's growth has been dramatic. Ten years ago PIC stock represented between 3 and 4 per cent of the Western European market for breeding stock. Today it claims to supply 22 per cent. In the US the increase in market share has been even more impressive – from 3 to 8 per cent ten years ago to 50 per cent today. The pig population in the US is rocketing on the back of cheap cereals, the potential of the Asian demand and the General Agreement on Tariffs and Trade settlement, which will facilitate exports not previously possible because of international protectionism. PIC intends to increase its dominance of the US market.

PIC managers, who a year ago completed the takeover of another highly successful British pig breeding company, NPD, claim that the pigs their stock produce are already delivering economic benefits of between £5 and £10 per slaughtered animal, compared with average production from unimproved herds. Further, that the combination of genetic excellence which PIC and NPD nucleus stock will bring when they are crossed together will be worth another £2.50 a head.

All of which is highly relevant to an industry that is used to boom and bust but which may well suffer even more volatility as free market principles gain ground. To survive such conditions it will be necessary for producers to achieve close to optimum efficiency at all times. PIC expects its superior breeding stock to take an even greater share of the trade as traditional farmers change to buying improved animals or go out of business, leaving more efficient producers to expand.

Meanwhile it is relevant to note that pigmeat in its various forms is by far the most popular meat in the world. The Food and Agriculture Organisation of the United Nations has estimated that in 1995 pork's share of the world's meat consumption was 45 per cent; beef had a 26 per cent share; poultry meat had 25 per cent of the market but was on a rising trend.

The main area for production and consumption of pigmeat is Asia. China alone has 27m sows and, as its economy and population expand at far greater rates than those in the west, so too does its meat buying power. This seems certain to contribute significantly to the continuation of a trend towards increased meat eating around the world. Meat consumption in general has risen 32 per cent in the past 10 years. In the same period, sales of pigmeat have increased by 40 per cent.

Another area that appears to have potential for expansion of pig production is central and eastern Europe. At present the number of sows is similar to that for western Europe at about 13m. But the political upheaval across the former Soviet Union and its satellites during recent years led to steep reductions in production. Now, as some of those countries begin to rebuild their economics, it seems probable that their consumers will wish to eat more pigmeat, which has, for centuries, been a traditional part of their diet.

In any event PIC is setting up offices in those countries, to add to the 30 or so already operating across the world, in an effort to secure a share of the growing market for breeding stock. Other pig breeding companies are doing likewise.

PIC dwarfs them all and claims that by crossing its more than 30 genetic lines, it can mix and match to produce pigs to any likely taste, size, colour or type, that may be demanded anywhere in the world. It seems likely that the company will get its chance to prove that claim.

The UN's Food and Agriculture Organisation projects that world pigmeat consumption will increase at an average rate of 2.3 per cent a year until the end of the century but that the annual rate of increase in the economically developing world will be 4.4 per cent. In the main it is expected that the increases in commercial production to meet this extra demand will be in the regions where it is to be consumed rather than exported to them. As a producer of breeding stock that can be tailored to requirements and made available anywhere in the world, PIC is well positioned.

Unilever in move to save fish stocks

By David Brown in Amsterdam

Unilever, the Anglo-Dutch consumer products group, yesterday announced a plan to phase-out the use of fish oil derived from non-sustainable fishing in European waters over the course of the next year.

Although Unilever stresses that it does not intend to cease using fish oil entirely, it will also seek an early assessment of the environmental impact of industrial fishing, (which involves the use of extremely fine-mesh nets), in the world's other fishing waters as well.

A recent report by the UK Government Panel on Sustainable Development, chaired by Sir Crispin Tickell, outlined the damaging effects of industrial fishing on the marine ecosystem.

Unilever described its initiative as an outgrowth of its participation in a joint working party with the World Wide Fund for Nature (WWF). The parties are examining options for more sustainable fisheries development and have announced their intent to create a non-profit Marine Stewardship Council by 1998.

"As one of the world's largest purchasers of fish it is in Unilever's commercial interest to protect the aquatic environment from fishing methods that will ultimately destroy stocks," said Mr Anthony Burgmans, a Unilever director.

Mr Mark Sutton, who heads the WWF's Endangered Seas Campaign, welcomed the Unilever move and said his organisation "urges other fish buyers and processors to follow suit".

According to Unilever, its fish oil use has halved in the past three years from 20 per cent to 10 per cent of the world market, equivalent to 100,000 tonnes of oil. It says the initiative should lead to an increase in food for European cod and haddock, which should in turn increase overall stocks.

Finance arranged for Argentine mine

By Kenneth Gooding, Mining Correspondent, in Bal Harbour

The last obstacle facing Argentina's flagship mining project is about to be removed. Tentative agreement has been reached for US$840m of project finance for the Alumbrera copper-gold venture.

Mr Ulli Rath, vice president, corporate development, for Rio Algom of Canada, said all the major international aid agencies were willing to contribute as well as five big commercial banks on "exceptionally good terms".

He pointed out this was excellent news for Argentina which had no long tradition of mining but now the eyes of the mining world were focussed on Alumbrera.

The mine is destined not only to produce 180,000 tonnes a year of copper but also 640,000 troy ounces of gold – making it South America's biggest gold producer.

Mr Rath said the banks – which he would not identify at present – were willing to put up funds because Argentina emerged with flying colours from the financial turmoil in South America following the sudden devaluation of the Mexican currency late in 1994.

Total cost of Alumbrera would be $915m Mr Rath told the Investing in the Americas conference here. Rio Algom owns one quarter of the project along with North of Australia while MIM, another Australian group, has the remaining 50 per cent.

Alumbrera was on schedule to start production late next year, said Mr Rath, for full output early in 1998.

Oil prices 'unlikely to rise much' before 2000

By David Lascelles, Resources Editor

Oil prices are unlikely to rise much before the year 2000 because of escalating production in countries outside the Organisation of Petroleum Exporting Countries, according to the International Energy Agency.

In the latest edition of its World Energy Outlook, the IEA predicts that output from non-Opec countries will rise from 42m barrels a day to 47m in 2000. Much of this growth will come from the North Sea, leaving Opec with spare capacity.

However after 2000, non-Opec sources will decline, and Opec will once again increase its share, the IEA says. The call on Opec is expected to rise from 28m barrels last year to nearly 50m by the year 2010.

MARKET REPORT

US grains hit fresh highs

Trading was again very lively in the Chicago Board of Trade's grain pits yesterday morning with nearby wheat futures up the permissible daily limit at life-of-contract highs, maize prices at record highs and soyabeans at seven-year highs.

Traders attributed the WHEAT market's strength to mounting concern about further declines in estimates of the US winter wheat crop. MAIZE prices were higher in response to the continuing briskness of export trade while domestic demand remained strong, they said, while SOYABEAN prices had moved higher in sympathy with wheat and maize.

Compiled from Reuters

JOTTER PAD

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1558-9	1591.5-2.5
Previous	1561-2	1595-6
High/low	1560/1559	1598/1591
AM Official	1558-9	1593.5-4.5
Kerb close		1597-8
Open int.	210,011	
Total daily turnover	42,968	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1315-25	1355-65
Previous	1320-30	1360-63
High/low		1365/1360
AM Official	1325-35	1360-70
Kerb close		1360-5
Open int.	5,319	
Total daily turnover	643	

■ LEAD ($ per tonne)

Close	817-8	808-8.5
Previous	818-9	807-8
High/low	819/818	810/807
AM Official	819.5-20	810-1
Kerb close		809-10
Open int.	37,442	
Total daily turnover	5,754	

■ NICKEL ($ per tonne)

Close	7980-90	8080-85
Previous	8030-40	8125-30
High/low	7965	8150/8060
AM Official	7980-70	8075-80
Kerb close		8125-30
Open int.	37,992	
Total daily turnover	10,997	

■ TIN ($ per tonne)

Close	6530-40	6540-50
Previous	6550-60	6560-70
High/low		6585/6550
AM Official	6570-75	6575-77
Kerb close		6550-55
Open int.	17,343	
Total daily turnover	4,968	

■ ZINC, special high grade ($ per tonne)

Close	1033.5-4.5	1059-60
Previous	1034.5-5.5	1060-1
High/low		1067/1059
AM Official	1038-9	1064-4.5
Kerb close		1059-60
Open int.	72,286	
Total daily turnover	19,705	

■ COPPER, grade A ($ per tonne)

Close	2663.5-5.5	2593-4
Previous	2646-8	2588-9
High/low	2688	2615/2592
AM Official	2685-6	2607-8
Kerb close		2597-8
Open int.	168,785	
Total daily turnover	79,735	

■ LME AM Official £/$ rate: 1.5125
LME Closing £/$ rate: 1.5107

Spot: 1.5120 3 mths: 1.5101 6 mths: 1.5083 9 mths: 1.5068

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	123.70	-0.25	124.00	122.70	224	1,507
May	122.75	-0.25	123.40	121.60	6,884	18,684
Jun	121.25	-0.95	121.25	120.30	41	1,142
Jul	120.15	-0.35	120.70	119.05	6,472	15,608
Aug	119.00	-0.40	116.50	116.50	4	585
Sep	117.85	-0.35	118.10	116.90	559	4,027
Total					14,614	49,128

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	391.60-391.90		
Opening	390.70-391.00		
Morning fix	390.70	258.553	480.581
Afternoon fix	391.00	258.495	480.148
Day's High	391.80-392.10		
Day's Low	390.60-390.90		
Previous close	390.40-390.80		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....3.68 6 months 3.71
2 months ....3.95 12 months 3.70
3 months 3.91

Silver Fix	p/troy oz.	US cts equiv.
Spot	349.20	528.50
3 months	353.60	534.50
6 months	358.10	540.70
1 year	367.40	553.15

Gold Coins	$ price	£ equiv.
Krugerrand	389-392	257-259
Maple Leaf	402.45-404.95	-
New Sovereign	89-92	59-61

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	391.5	+0.9	391.4	391.2	33	61
Jun	393.6	+0.9	394.1	392.5	16,130	98,219
Aug	395.9	+0.9	396.4	395.3	238	20,831
Oct	398.3	+0.9	398.7	398.0	39	5,582
Dec	400.7	+0.8	401.2	400.0	957	24,957
Feb	403.2	+0.8	403.8	403.5	18	5,125
Total					18,416	199,898

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	415.0	+8.7	415.5	414.5	15	21
Jul	408.0	+3.7	408.3	403.5	3,309	20,400
Oct	411.2	+3.8	411.8	407.0	182	3,344
Jan	414.0	+3.8	409.5	409.5	2	1,077
Apr	418.7	+3.8	411.0	411.0	142	954
Total					3,650	25,866

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Jun	135.85	+1.85	136.40	132.75	1,738	5,269
Sep	137.20	+1.95	137.25	135.00	123	1,812
Dec	136.45	+1.55	137.00	136.75	6	176
Total					1,744	7,258

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

Apr	532.1	+6.8	550.0	550.0	-	1
May	532.5	+6.8	534.0	525.5	11,576	40,478
Jul	537.5	+6.8	539.0	531.5	4,228	35,250
Sep	542.2	+6.8	544.0	538.0	317	11,822
Dec	549.4	+6.8	551.5	543.0	502	8,530
Mar	556.9	+6.8	551.0	551.0	19	3,320
Total					18,749	103,551

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	23.70	-0.25	24.10	23.02	25,048	30,649
Jun	21.53	+0.49	21.75	20.76	46,908	109,074
Jul	20.18	+0.47	20.34	19.80	14,268	68,874
Aug	19.35	+0.40	19.45	18.90	9,446	45,795
Sep	18.88	+0.32	19.06	18.48	4,287	32,805
Oct	18.65	+0.28	18.74	18.32	1,741	23,573
Total					110,543	469,657

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jun	18.86	+0.35	19.30	18.36	18,992	71,574
Jul	18.27	+0.32	18.58	17.72	7,804	56,138
Aug	17.70	+0.20	18.02	17.27	2,245	19,478
Sep	17.39	+0.19	17.68	17.20	1,819	13,747
Oct	17.18	+0.13	17.45	17.13	1,336	8,914
Nov	17.04	+0.11	17.29	16.82	500	3,626
Total						

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	55.25	-0.47	56.40	54.80	11,004	15,482
Jun	53.35	+0.53	54.10	52.25	7,082	16,436
Jul	52.00	+0.68	52.70	51.15	4,801	13,403
Aug	51.70	+0.73	52.25	50.90	1,805	10,714
Sep	52.10	+0.73	52.55	51.25	922	6,607
Oct	52.70	+0.73	53.00	52.00	173	3,535
Total					27,527	91,814

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	167.75	+0.25	170.25	166.25	7,695	18,571
Jun	162.50	+1.75	164.00	159.50	2,588	13,443
Jul	160.50	+2.00	161.75	157.25	794	7,249
Aug	160.25	+2.25	160.25	156.50	471	5,800
Sep	161.00	+2.25	157.50	157.50	23	3,051
Oct	161.50	+2.25	159.00	158.50	21	1,610
Total						

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
May	2.350	+0.019	2.380	2.315	8,815	29,350
Jun	2.375	+0.038	2.400	2.335	2,885	28,306
Jul	2.360	+0.028	2.385	2.330	1,290	22,744
Aug	2.326	+0.033	2.355	2.310	787	16,370
Sep	2.295	+0.033	2.310	2.285	887	14,034
Oct	2.295	+0.038	2.295	2.265	537	11,655
Total					19,015	170,143

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	69.90	+2.41	70.00	67.10	11,519	17,025
Jun	67.95	+1.95	68.40	66.00	7,836	21,727
Jul	65.00	+1.60	65.45	63.00	3,565	13,776
Aug	61.80	+1.50	62.20	60.40	1,366	8,346
Sep	58.80	+1.10	59.20	57.75	852	3,496
Oct	55.50	+0.80	56.00	55.50	50	1,044
Total					26,827	66,344

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	132.75	+1.10	132.75	131.00	203	1,138
Jul	134.95	+1.20	134.90	133.00	139	1,540
Sep	118.40	+1.25	118.15	117.75	15	337
Nov	120.30	+1.25	120.25	119.05	217	2,464
Jan	122.40	+1.30	122.00	121.00	23	733
Mar	124.15	+1.15	124.15	124.15	25	105
Total					630	6,255

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

May	628.00	+20.00	628.00	617.00	3,946	9,738
Jul	594.50	+20.00	594.50	576.75	23,965	61,182
Sep	582.50	+20.00	582.50	574.00	4,948	13,730
Dec	595.00	+20.00	595.00	585.00	4,424	15,031
Mar	582.00	+20.00	582.00	575.00	298	1,147
Jul	455.50	+20.00	455.50	439.00	211	1,024
Total					37,866	101,933

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

May	470.00	+12	470.00	457.00	35,380	86,104
Jul	450.25	+12	450.25	437.00	54,415	163,546
Sep	370.00	+7.25	372.00	363.00	10,494	54,981
Dec	334.00	+4.75	337.00	329.00	19,111	123,768
Mar	340.25	+6.25	341.00	334.00	887	12,844
May	342.00	+6	343.50	340.00	13	1,235
Total					120,540	440,444

■ BARLEY LCE (£ per tonne)

May	116.65	+0.65	116.50	116.00	22	320
Sep	112.00	+0.50	111.25	111.25	13	49
Nov	113.85	+0.70	112.85	112.85	15	542
Jan	115.50	+0.85	-	-	-	72
Mar	117.00	+1.75	115.10	115.10	2	40
Total					59	1,029

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

May	813.50	+13.75	824.75	798.75	14,525	33,120
Jul	821.50	+13.5	832.50	806.50	42,989	77,547
Aug	820.00	+13	829.50	806.75	1,806	9,577
Sep	803.25	+13.75	810.00	795.00	1,859	5,733
Nov	791.50	+13	799.00	775.00	16,897	67,754
Jan	795.25	+10.5	803.50	789.00	315	5,450
Total					78,817	286,231

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

May	26.72	+0.34	27.10	26.25	3,358	18,267
Jul	27.09	+0.39	27.48	26.68	7,277	47,093
Aug	27.27	+0.4	27.62	27.00	616	8,203
Sep	27.44	+0.46	27.70	27.23	654	4,366
Oct	27.52	+0.44	27.75	27.25	559	2,870
Dec	27.81	+0.42	28.14	27.40	2,109	14,575
Total					14,802	96,499

■ SOYABEAN MEAL CBT (100 tons; $/ton)

May	256.9	+4	258.7	254.8	4,734	19,274
Jul	261.0	+4.3	263.9	258.4	11,683	49,601
Aug	261.7	+5	263.0	258.5	1,164	9,743
Sep	257.7	+4.7	259.0	255.0	532	6,030
Oct	253.5	+5.5	254.5	251.0	560	56
Dec	252.7	+5.2	254.5	249.8	2,905	14,573
Total					21,869	104,466

■ POTATOES LCE (£/tonne)

May	159.0	-2.0	160.0	157.0	14	107
Jun	225.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Mar	130.0	-	-	-	-	-
Apr	133.5	+7.3	134.0	127.0	54	927
Total					68	1,034

■ FREIGHT (BIFFEX) LCE ($10/index point)

Apr	1473	+5	1475	1470	29	797
May	1418	+8	1430	1425	12	781
Jun	1343	+3	1353	1350	54	322
Jul	1295	-8	1310	1305	37	1,634
Oct	1360	-8	1375	1360	42	906
Jan	1385	+5	1375	1375	-	56
Total					96	4,836

	Close	Prev
BFI	1452	1448

FUTURES DATA
All futures data supplied by CMS.

Tea
The Tea Broker's Association, improved demand. Landed best and bright liquoring East Africans sold well at firm to dearer levels. Coloury mediums were a strong feature and prices advanced 3 to 5 pence while lesser mediums remained unchanged. Offshore good demand at fully firm rates. Quotations: best available 149p/kg., good 135p/kg., good medium 122p/kg., medium 105p/kg., low medium 80p/kg..(nom). The highest price realised this week was 149p for a Kenya pf.1.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1000	+21	1001	977	762	8,680
Jul	1020	+15	1027	1001	1,570	27,898
Sep	1043	+18	1049	1023	523	43,870
Dec	1013	+24	1018	989	4,843	19,433
Mar	1016	+20	1024	1000	1,947	42,010
May	1028	+22	1028	1012	1,282	13,227
Total					12,749	169,761

■ COCOA CSCE (10 tonnes; $/tonnes)

May	1353	+35	1355	1304	200	807
Jul	1370	+35	1374	1322	5,267	33,758
Sep	1388	+35	1387	1340	502	15,496
Dec	1393	+29	1400	1351	77	16,561
Mar	1408	+33	1409	1365	192	12,023
May	1427	+34	1421	1421	41	4,752
Total					9,299	92,550

■ COCOA (ICCO) (SDR's/tonne)

Apr 19	Price	Prev. day
Daily	988.83	1000.77

■ COFFEE LCE ($/tonne)

May	1879	+11	1880	1869	1,171	9,036
Jul	1858	+8	1857	1846	1,499	9,908
Sep	1843	-4	1844	1835	323	4,676
Nov	1832	-4	1835	1829	153	2,507
Jan	1811	-4	1813	1810	52	1,246
Mar	1798	-4	1792	1788	40	853
Total					3,238	28,024

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

May	130.25	+12.10	132.00	117.85	4,430	2,801
Jul	130.95	+12.65	132.25	118.00	6,279	14,620
Sep	129.10	+12.00	130.00	117.00	941	4,338
Dec	128.20	+12.70	121.50	115.50	541	2,323
Mar	127.45	+13.00	120.45	115.00	23	570
May	126.95	+14.05	-	-	33	217
Total					12,214	24,732

■ COFFEE (ICO) (US cents/pound)

Apr 19	Price	Prev. day
Comp. daily	105.82	106.08
15 day average	104.77	104.98

■ WHITE SUGAR LCE ($/tonne)

Aug	366.8	-1.5	368.5	368.5	380	11,760
Oct	338.8	+1.3	338.5	338.0	71	5,494
Dec	332.8	+2.3	332.5	332.5	1	2,859
Mar	324.0	+0.2	323.7	322.2	147	2,097
May	324.0	+0.2	322.5	322.5	8	1,116
Aug	323.5	+1.2	327.0	324.0	62	127
Total					685	23,581

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	11.11	+0.02	11.15	11.05	5,867	18,188
Jul	10.61	+0.03	10.65	10.49	11,052	55,612
Oct	10.60	+0.04	10.63	10.50	2,630	33,747
Mar	10.56	+0.06	10.57	10.48	1,863	21,866
May	10.49	-0.03	10.51	10.45	209	5,738
Jul	10.39	-0.01	10.40	10.32	104	2,711
Total					21,799	138,784

■ COTTON NYCE (50,000lbs; cents/lbs)

May	83.93	-0.30	84.90	83.50	2,841	5,911
Jul	85.23	-0.11	86.30	84.70	5,163	20,879
Oct	83.88	+0.58	83.95	83.30	303	3,033
Dec	81.92	+0.89	81.95	81.42	1,277	23,097
Mar	82.40	+0.65	82.50	82.02	121	2,823
May	82.90	+0.60	82.90	82.30	45	1,160
Total					9,808	59,087

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	133.20	+3.75	133.80	127.50	946	8,310
Jul	131.45	+3.80	132.65	126.00	1,074	6,758
Sep	129.90	+3.70	130.40	124.90	384	2,881
Nov	125.90	+2.30	126.00	123.00	25	950
Jan	122.80	+1.55	122.80	120.00	39	3,087
Mar	125.00	+1.50	123.50	123.50	5	188
Total					2,449	22,232

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 22	Apr 19	month ago	year ago
2115.6	2113.1	2135.8	2341.1

■ CRB Futures (Base: 1967=100)

Apr 19	Apr 18	month ago	year ago
257.62	257.23	232.08	238.18

■ GSCI Spot (Base: 1970=100)

Apr 19	Apr 18	month ago	year ago
209.16	207.74	202.88	184.30

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	58.050	-0.925	58.650	57.675	374	1,203
Jun	58.825	-1.500	59.650	58.825	5,287	38,593
Aug	60.600	-1.250	61.350	60.450	1,909	23,719
Oct	62.925	-0.950	63.850	62.650	944	14,254
Dec	61.450	-0.675	62.000	61.400	846	10,180
Feb	61.950	-0.850	62.550	61.750	557	8,615
Total					9,776	96,138

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Apr	56.375	+1.325	56.400	55.000	735	1,798
Jun	59.750	+0.775	59.825	59.000	4,415	19,987
Jul	57.700	+0.575	58.050	57.700	1,427	7,963
Aug	54.200	+0.850	54.200	53.500	1,619	5,794
Oct	49.100	+0.700	49.350	48.650	397	3,883
Dec	51.075	+0.750	51.225	50.550	429	3,627
Total					9,161	43,968

■ PORK BELLIES CME (40,000lbs; cents/lbs)

May	80.175	+2.000	80.175	78.000	911	4,469
Jul	78.700	+2.000	78.700	76.625	1,025	4,404
Aug	76.700	+2.000	76.700	76.200	212	1,286
Feb	74.300	+2.000	74.300	73.500	57	387
Mar	73.000	+2.000	73.000	73.000	1	12
May	76.950	+2.000	75.000	75.000	3	14
Total					2,205	10,552

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

	May	Sep	May	Sep
1500	72	139	-	24
1600	4	78	33	60
1700	-	38	128	118

■ COPPER (Grade A) LME

	May	Sep	May	Sep
2500	153	172	-	27
2600	58	106	-	59
2700	-	59	5	110

■ COFFEE LCE

	May	Jul	May	Jul
1850	-	-	-	-
1900	-	-	-	-
1950	-	-	-	-

■ COCOA LCE

	May	Jul	May	Jul
875	147	134	2	7
900	125	115	5	11
925	103	98	8	16

■ BRENT CRUDE IPE

	Jun	Jul	Jun	Jul
1850	85	53	43	-
1900	80	-	79	-
1950	-	43	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$17.13-7.23x	+0.10
Brent Blend (dated)	$19.41-9.45	-0.11
Brent Blend (June)	$18.88-8.92	+0.115
W.T.I.	$21.28-1.32x	+0.14

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$220-223	+2
Gas Oil	$174-176	-5
Heavy Fuel Oil	$109-111	
Naphtha	$194-196	-0.5
Jet fuel	$191-193	-1
Diesel	$174-176	-9

■ NATURAL GAS (Pence/therm)

Bacton (May)	9.45-9.60	+0.10

Petroleum Argus. Tel. London (0171) 359 8792

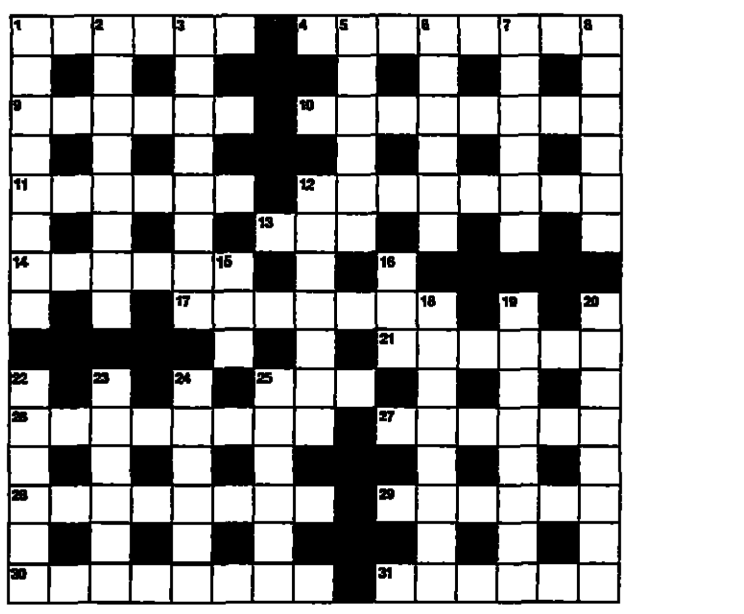
■ OTHER

Gold (per troy oz)♣	$391.75	+1.15
Silver (per troy oz)♣	531.50c	+3.0
Platinum (per troy oz.)	$404.25	+4.25
Palladium (per troy oz.)	$133.50	-1.75
Copper	125.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	18.08r	+0.03
Tin (New York)	307.50	
Cattle (live weight)	109.29p	+6.82*
Sheep (live weight)	169.16p	-24.19*
Pigs (live weight)†	104.94p	+3.01*
Lon. day sugar (raw)	$289.70	-4.4
Lon. day sugar (wte)	$389.00	-2.0
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	146.5	
Wheat (US Dark North)	Unq.	
Rubber (May)♥	99.00p	-0.75
Rubber (Jun)♥	99.00p	-0.75
Rubber (KL RSS No1)	366.00m	+4.0
Coconut Oil (Phil)§	$795.0v	
Palm Oil (Malay.)§	$807.5	-2.5
Copra (Phil)§	$506.0v	-1.0
Soyabeans (US)	239.0v	-3.0
Cotton Outlook'A' index	82.35c	
Wooltops (64s Super)	440p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. x June. v Apr/May. y Apr/Jun. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 552 head of pigs sold.

CROSSWORD

No.9,050 Set by PROTEUS



ACROSS

1 Ban from underworld drinking place (6)
4 Hides French priest amid muffled sobs (8)
9 Trouble caused by underground workers to Tory leader (6)
10 Girl who is an acknowledged beauty (8)
11 Bird that may be drunk (6)
12 Racy literary diet for parliamentarians? (8)
13 Tax on vessel (3)
14 Fine when queen came round unexpectedly (6)
17 Chap following beat and line (7)
21 Toy children like to eat (6)
25 Small fish first found on railway (3)
26 They may fall for excursionists (8)
27 Supplication making father turn pale perhaps (6)
28 A dress to be variously classified (8)
29 Orbits round restaurant (6)
30 Fool with bird (3-5)
31 Boss taking one round workshop (6)

DOWN

1 American politician training comrade to take lead (8)
2 Type of group to get under one's skin (8)
3 Theoretical summary (8)
5 Rock discovered by North European round South Africa (6)
6 Flimsy snare for a fairy (6)
7 Proceed majestically in foundation garment (4,2)
8 Meat dish on roller skates (6)
12 Food commonly associated with old cars? (7)
15 Have a meal in the Athenaeum (3)
16 A book for the worker (3)
18 He keeps mum about past trip (8)
19 Pretended to be deranged (8)
20 Boring task for the rich? (4-2-2)
22 Strict and on the level we hear (6)
23 Sybil is somewhat though not entirely nimble (6)
24 Two rings left in Spanish town (6)
25 Someone to rely on at start of weekend? (6)

Solution to Saturday's prize puzzle on Saturday May 4.
Solution to yesterday's prize puzzle on Monday May 6.

INTERNATIONAL CAPITAL MARKETS

Italian prices show sharp rise

By Samer Iskandar and Richard Lapper in London and Lisa Bransten in New York

Italian government bond prices rose sharply on the back of expectations of greater political stability and interest rate cuts following Sunday's election. Other European bond markets, still buoyed by last Thursday's Bundesbank rate cut, also enjoyed a relatively good day, while US Treasuries moved higher in early trading.

■ Both foreign and domestic investors were heavy buyers of Italian bonds, with short-dated paper in particular demand. Dealers and investors said expectations of interest rate cuts were leading to this steepening of the yield curve, and

GOVERNMENT BONDS

they expected this trend to continue in coming weeks. Trading on Liffe was active, with more than 86,000 June BTP futures contracts changing hands compared with 52,000 lots on Friday.

As the market digested the implications of Sunday's election, the June BTP contract surged in morning trading, reaching its day's high of 114.04 around midday. The contract eased back in the afternoon amid profit-taking but settled at 113.67, up 1.94 on the day. The June and September eurolira contracts surged to intra-day highs of 91.44 and 91.88, before closing at 91.32 and 91.83, up 0.22 and 0.29 respectively.

In the cash market, *yields* on a benchmark two-year bond, the 9 per cent due 1998, had fallen by 35 basis points by mid-afternoon compared with a 27 basis points fall for the benchmark 10-year security, the 9½ per cent due 2006.

Italian paper sharply outperformed Germany with the 10-year spread narrowing from 393 to 362 basis points. Dealers and investors expect further tightening, especially at the shorter-end. The 10-year spread is expected to fall in the near term to 350 basis points and possibly to less than 300 points, a level last breached more than two years ago, by the third quarter of the year.

Mr Keith Patton, portfolio manager with Fleming Investment Management, in London, estimates that the three-month spread between Italy and Germany will fall from its present level of around 585 basis points towards 400 points this year.

Mr Patton said the "markets could now take politics out of the equation", and concentrate on improving economic fundamentals. The government's *ability to reduce its budget deficit* was likely to be an immediate focus of market attention, as would be the case in the Spanish and Swedish markets.

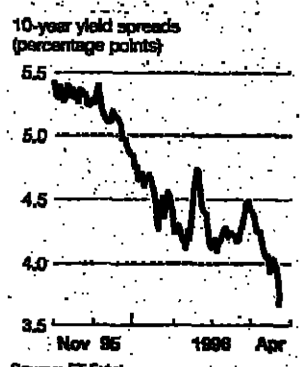
One continental European bond fund manager said the market had been expecting a strong reaction. "Pre-election uncertainty was weighing on the market. Now the election is out of the way, yields have gone back to reflecting currency stability and a moderate inflation outlook," she said.

Mr Andrew Roberts of UBS said the movement in prices "had been driven by a fundamental re-rating of the inflation outlook", a situation that also applied to the Swedish and Spanish markets.

Dealers on Liffe cited recent shifts in options prices as evidence of increasing bullishness. According to one trader, volatility, as implied by the price of 114.0 calls, has increased from 9.36 in the middle of last week to 10.53 at yesterday's close, while put volatility has declined during the same period from 10.74 to 9.42.

■ Swedish bonds also performed strongly. The 6 per cent benchmark due 2005 rose 0.61 to close at 86.40. Five-year Swedish yields are now at the same level as UK gilts. At the beginning of the year, they offered a positive spread of 100 basis points over 5-year gilts.

Yield spread over Germany



Source: FT Extel

■ German bunds started the day on a strong footing and closed up, but off their highs. Liffe's June bund future settled at 97.12, up 0.28, after reaching a high of 97.32. Traders said market sentiment remained bullish, and several analysts expect bunds to continue outperforming the US market, once supply is out of the way.

■ UK gilts tracked – but lagged behind – other European markets. Liffe's June long gilt future settled at 106 5/16, up 1/8, after reaching a high of 106 11/16 *during the session. In the* cash market, the 10-year benchmark, the 7¾ per cent issue of 2006, ended 1/8 higher at 96 5/8. The 10-year yield spread over bunds widened by 3 basis points to 152 points. The weight of a £3bn tranche of 10-year gilts to be auctioned tomorrow tempered the effect of bullish market sentiment.

However, Mr Roberts at UBS believes 10-year maturities offer "good value compared with longer maturities", at a *yield discount of only 19 basis* points, a six-month low. In Germany, for example, 20-year bunds yield 82 basis points more than 10-year paper.

Meanwhile, Irish gilts continued to outperform, with the 10-year yield premium of UK gilts over their Irish counterparts widening by another 2 basis points to 56. The 8 per cent bond due 2006 gained 0.65 to 103.10, yielding 7.54 per cent.

■ French bonds also performed strongly, with Matif's June notional future ending the session at 123.16, up 0.44. In the cash market OATs outperformed bunds, the 10-year yield spread narrowing by 3 basis points to 8 points. The 7¼ per cent OAT due 2006 closed at 106, up 0.38.

Short maturities outperformed longer-dated bonds, and the two-year to 10-year spread steepened by 6 basis points. This reflected French banks' decision to lower their base rate yesterday, and expectations that the central bank will cut its intervention rate by 0.10 points at next Thursday's meeting of the monetary policy council.

■ Overnight gains in European and Asian trading helped push US prices higher from the start of the Wall Street session.

Near midday, the benchmark 30-year Treasury was [illegible] higher at 90[illegible] to yield 6.719 per cent, while the two-year note was up [illegible] at 100[illegible], yielding 5.865 per cent. At noon, the June Treasury bond future had added [illegible] to 110[illegible].

The curve that maps the *yield spread between two-year* notes and the long bond flattened by two basis points to 85 basis points amid a modest easing of fears about the emergence of inflationary pressures.

Yesterday's gains marked a second consecutive session of increases on the heels of a series of almost constant losses since the beginning of the month. Some traders said the market was reacting too strongly to this month's stream of modestly stronger economic data and the new supply due this week.

The market shrugged off another increase in the Knight Ridder-Commodity Research Bureau commodity index. In early trading, the index advanced 2.63 points to 260.31.

This afternoon, the Treasury department is to auction $18.75bn in two-year notes and tomorrow it is scheduled to sell $12.5bn in five-year notes.

Albania grants first investment fund licence

By Marianne Sullivan in Tirana

Albania has granted its first investment fund licence to the *Anglo-Adriatic Investment Fund*, which is now offering to manage investments both for holders of Albanian privatisation vouchers and strategic international partners and merchant banks in Albania's privatisation process.

Mr Declan Ganley, Anglo-Adriatic's chairman, says the fund, in which Ganley International owns the majority shareholding and Rothschild Emerging Markets 10 per cent, will serve as a catalyst for foreign investment in Albania.

The fund, Mr Ganley says, will offer holders of privatisation vouchers, which are now traded on the street for some 13.5 per cent of their value, a way to manage their holdings and have more leverage over their investments.

With a reported 16 per cent increase in GDP for 1995, *Albania is one of the fastest* growing economies in eastern Europe. Mr Ganley says there is much interest in investment in its privatisation process from major foreign investment houses and merchant banks, especially in the areas of electricity, telecommunications, mining and tourism – some of which have yet to be included in the country's privatisation process.

IBCA expands

IBCA, the European credit rating agency, has taken a 75 per cent stake in Quest Insurance Research, a UK-based insurance rating and research company, writes Richard Lapper. IBCA currently rates insurance companies in South Africa but will now provide ratings on the European insurance market.

Explosion of activity in five-year D-Mark sector

By Conner Middelmann

The D-Mark sector saw an explosion of activity, culminating in more than DM2bn of new issuance – all of it in the five-year maturity and targeted mainly at retail accounts.

Companhia Energetica de São Paulo, Brazil's largest power station, made its debut in D-Marks with DM1bn of bonds priced to yield 398 basis points over bunds. Investors seemed undaunted by the size of the offering, which saw good demand from retail accounts across Europe, said an official at Commerzbank, joint lead manager with CS First Boston. The bonds are guaranteed by the Republic of Brazil, which is rated B1/B+.

Baden-Württemberg L-Finance started the flood of D-Mark deals with a DM500m offering priced at 22 basis points above bunds, which saw good demand but may take a while to place because of its size.

A DM250m issue for Austria came at 15 basis points over bunds. Although this was significantly tighter that the equally triple-A rated L-Bank issue, lead manager BZW argued that sovereigns command tighter spreads; that the pricing was the same as a recent World Bank issue; and pointed out that Austria's rarity value was reinforced by the fact that this was its last international bond issue this year.

INTERNATIONAL BONDS

Despite its aggressive pricing, a DM225m deal for McDonald's yielding 30 basis points over bunds got a warm reception. "It's a great retail name – people don't just want bank names in their portfolios," said a dealer.

Elsewhere, Portugal plans to build on the success of its 10-year global French franc offering last year by issuing FFr4bn of 12-year bonds today, via Crédit Commercial de France and SBC Warburg.

● Lehman Brothers is leading a complex refinancing exercise for Aircraft Lease Portfolio Securitisation (Alps 92-1), a special purpose vehicle.

Alps wants to redeem $382m of A-class bonds at a premium to their market value, but because early redemption is not permitted under the terms of the bonds, it is convening a bondholders' meeting with the aim of approving early redemption or inserting a put option in the documentation which would allow investors to redeem their bonds early.

To pay for early redemptions, Alps plans to issue new bonds collateralised by the same aircraft that currently back the Alps 92-1 securities.

● State-owned Electricité de France signalled its intention to make greater use of the eurobond market by announcing it had signed a $2bn euro medium-term note programme, arranged by Morgan Stanley, Antonia Sharpe writes.

EdF, which bankers say does not have a great need for funds, has turned to the domestic bond market rather than the international market in recent years when it needed to raise funds. Its last foray in the eurobond market was in October 1995 with a DM300m five-year issue.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
DSL Bank	300	6.50	99.88R	May 2001	0.25R	+15(6½%-01)	Commerzbank/Nomura/UBS
KIA Motors Corp Korea§(a)	80	(a)	100.00	Dec 2006	2.5	-	ING Barings/LG Secs
D-MARKS							
Comp Energetica São Paulo	1bn	8.25	99.95R	May 2001	1.00R	+398(6⅞%-01)	CSFB/Commerzbank
Baden-Württemberg	500	5.25	100.0R	May 2001	0.25R	+22(5⅞%-00)	Deutsche MG
Republic of Austria	250	5.13	99.72R	May 2001	0.25R	+15(5⅞%-00)	BZW
McDonald's Corp	225	5.25	99.59R	May 2001	0.28R	+30(5⅞%-00)	Salomon Brothers
DSL Finance@(b)	200	5.36	102.09	Apr 2001	2.00	-	CSF Effectenbank/SBCW
YEN							
Mitsubishi Finance	10bn	1.85	100.20	May 1999	0.20	-	Merrill Lynch
SWISS FRANCS							
Bremer Landesbank(a)	150	3.75	103.25	Dec 2000	1.75	-	Credit Suisse
SPANISH PESETAS							
Deutsche Ausgleichsbank	10bn	8.60	101.35	May 2003	1.88	-	BBV/Morgan Grenfell
AUSTRALIAN DOLLARS							
GMAC Australia Finance	100	9.00	101.50	May 2001	2.00	-	ABN Amro Hoare Govett
NEW ZEALAND DOLLARS							
EIB	100	8.50	101.47	May 2001	2.00	-	CBA
LUXEMBOURG FRANCS							
Commerzbank(c)	2.5bn	5.125	102.375	Jun 2006	2.00	-	BGL

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. R: fixed re-offer price; fees shown at re-offer level. a) Fixing: 25/4/96, 0.25-0.50; put option at year 5 to yield 40-80bp over Treasuries. b) Increase from DM300m to DM500m. c) 5⅛% for 1st 4 years, 7% for next 3 years, then 8%. s) Short 1st coupon

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	108.7160	-	8.97	9.02	9.05
Austria		6.125	02/06	98.1000	+0.250	6.39	6.52	6.66
Belgium		7.000	05/06	102.7600	+0.380	6.61	6.73	7.36
Canada *		8.750	12/05	107.3700	+0.360	7.65	7.84	7.80
Denmark		8.000	03/06	105.8200	+0.460	7.15	7.44	7.78
France	BTAN	5.750	03/01	100.7500	+0.230	5.56	5.76	5.92
	OAT	7.250	04/06	106.0000	+0.380	6.42	6.59	6.76
Germany Bund		6.000	02/06	97.5300	+0.350	6.34	6.46	6.60
Ireland		8.000	08/06	103.1000	+0.650	7.54	7.80	8.15
Italy		9.500	02/06	98.2800	+1.420	9.78†	10.17	10.52
Japan	No 140	6.600	06/01	119.2530	-0.030	2.40	1.86	1.84
	No 182	3.000	09/05	97.8490	-0.030	3.30	3.23	3.23
Netherlands		6.000	01/06	97.3600	+0.260	6.36	6.43	6.57
Portugal		11.875	02/05	117.5700	+0.520	8.90	9.15	9.53
Spain		10.150	01/06	105.4600	+0.280	9.06	9.36	10.09
Sweden		6.000	02/05	86.3970	+0.610	8.23	8.39	9.08
UK Gilts		8.000	12/00	102-04	-1/32	7.44	7.45	7.55
		7.500	12/06	96-15	+5/32	8.00	8.09	8.19
		9.000	10/08	107-02	+6/32	8.09	8.13	8.31
US Treasury *		5.625	02/06	93-31	+15/32	6.46	6.50	6.39
		6.000	02/26	90-24	+29/32	6.72	6.81	6.72
ECU (French Govt)		7.500	04/05	104.6800	+0.420	6.79	7.01	7.40

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	5.07	Two year	5.90
Prime rate	8¼	Two month	4.99	Three year	6.04
Broker loan rate	7	Three month	5.00	Five year	6.27
Fed.funds	5⅛	Six month	5.23	10-year	6.48
Fed.funds at intervention	-	One year	5.46	30-year	6.76

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	123.04	123.16	+0.44	123.28	123.00	89,560	144,432
Sep	121.62	121.66	+0.38	121.74	121.50	1,251	6,591
Dec	120.28	120.28	+0.34	120.28	120.18	638	1,124

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
120	-	3.20	-	0.01	0.10	-
121	2.16	2.30	-	0.01	0.20	-
122	1.18	1.64	1.33	0.03	0.36	1.60
123	0.29	0.86	0.85	0.12	0.72	-
124	0.03	0.41	-	-	-	-

Est. vol. total, Calls 17,785 Puts 12,318. Previous day's open int., Calls 160,508 Puts 187,737.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	97.05	97.12	+0.28	97.32	97.05	139227	199174
Sep	96.32	96.22	+0.28	96.40	96.20	640	6552

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
9700	0.20	0.72	0.54	0.86	0.08	0.60	1.32	1.64
9750	0.03	0.46	0.37	0.67	0.41	0.84	1.65	1.95
9800	0	0.27	0.24	0.51	0.88	1.15	2.02	2.29

Est. vol. total, Calls 24125 Puts 17468. Previous day's open int., Calls 369805 Puts 216733

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	113.60	113.67	+1.94	114.04	113.00	86989	53172
Sep	112.60	113.08	+1.94	113.20	112.60	81	387

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
11350	1.36	2.22	1.22	2.68
11400	1.12	2.01	1.45	2.95
11450	0.91	1.81	1.74	3.25

Est. vol. total, Calls 8181 Puts 4208. Previous day's open int., Calls 64976 Puts 82133

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	99.40	99.12	+0.26	99.75	99.07	81,973	44,305

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	106-14	106-10	+0-06	106-22	106-07	41834	119829
Sep		105-10	+0-06			0	167

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
106	0-28	1-07	0-63	1-34	0-08	0-51	1-43	2-14
107	0-03	0-40	0-40	1-09	0-47	1-20	2-20	2-53
108	0	0-20	0-26	0-53	1-44	2-00	3-06	3-33

Est. vol. total, Calls 5130 Puts 1889. Previous day's open int., Calls 44692 Puts 44027

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	91.58	91.66	+0.38	91.80	91.58	1,595	7,527
Sep	-	91.06	+0.36	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	109-31	109-30	-	110-23	109-30	214,011	348,897
Sep	109-14	109-13	-	110-06	109-14	693	26,478
Dec	109-20	108-28	-	109-20	109-19	757	5,216

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	118.50			118.56	118.47	1734	0
Sep	117.46			117.47	117.41	474	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Apr 22	Day's change %	Fri Apr 19	Accrued interest	xd adj. ytd		Low coupon yield Apr 22	Apr 19	Yr. ago	Medium coupon yield Apr 22	Apr 19	Yr. ago	High coupon yield Apr 22	Apr 19	Yr. ago
1 Up to 5 years (24)	121.62	+0.05	121.62	2.56	2.99	5 yrs	7.49	7.51	8.26	7.54	7.54	8.33	7.63	7.65	8.45
2 5-15 years (18)	148.32	+0.16	148.10	2.98	2.79	15 yrs	8.14	8.17	8.30	8.15	8.17	8.37	8.25	8.27	8.59
3 Over 15 years (9)	161.25	+0.23	160.88	2.89	3.48	20 yrs	8.20	8.23	8.28	8.20	8.22	8.37	8.29	8.31	8.51
4 Irredeemables (6)	184.88	+0.24	184.44	4.31	1.47	Irred.†	8.28	8.30	8.34						
5 All stocks (55)	141.76	+0.13	141.60	2.87	2.84										
Index-linked							Inflation 5% Apr 22	Apr 19	Yr. ago	Inflation 10% Apr 22	Apr 19	Yr. ago			
6 Up to 5 years (1)	194.73	+0.08	194.62	-0.10	4.43	Up to 5 yrs	2.75	2.77	3.32	1.52	1.53	1.81			
7 Over 5 years (11)	186.86	+0.08	186.69	1.17	1.53	Over 5 yrs	3.71	3.71	3.79	3.60	3.60	3.59			
8 All stocks (12)	185.91	+0.09	185.74	1.14	1.40										

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 22	Apr 19	Apr 18	Apr 17	Apr 16	Yr ago	High*	Low*
Govt. Secs. (UK)	92.74	92.55	92.29	92.19	92.42	92.07	98.34	91.97
Fixed Interest	112.10	112.04	111.88	111.83	111.98	111.25	115.23	110.74

* for 1996. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15
Gilt Edged bargains	79.8	93.9	86.8	86.4	74.7
5-day average	84.3	84.3	82.4	83.9	82.0

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 22

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABN Amro Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
African Dev Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alberta Province	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baden-Wuert L-Fin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Ned Gemeenten	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bayer Vereinsbk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Columbia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Gas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cheung Kong Fin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
China	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Foncier	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
East Japan Railway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec de France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ex-Im Bank Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Export Dev Corp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exxon Capital	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fed Home Loan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Natl Mort	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Credit	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
General Elec Capital	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ING Finance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inter-Amer Dev	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inter-Amer Dev	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Intl Finance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Korea Elec Power	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Matsushita Elec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oster Kontrollbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SAS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tennessee Valley	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas 15¼pc 1996‡‡	15.20	6.41	100⅛	—	107[illegible]	100[illegible]
Exch 13¼pc 1996‡‡	13.18	5.92	100½	—	105[illegible]	100½
Treas 2pc 1996	0.92	5.93	217[illegible]	[illegible]	217[illegible]	207[illegible]
Conversion 10pc 1996	9.78	5.99	102[illegible]	—	104[illegible]	102[illegible]
Treas 13¼pc 1997‡‡	12.50	6.04	105[illegible]	—	109[illegible]	105[illegible]
Exch 10½pc 1997	10.14	6.11	103[illegible]	—	105[illegible]	103[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Treas 12½pc 2003-5	9.86	7.86	125[illegible]	+⅛	131¼	122[illegible]
Treas 8½pc 2005‡‡	8.20	7.95	103⅝	+[illegible]	106[illegible]	98[illegible]
Treas 7½pc 2006‡‡	7.77	7.99	96[illegible]	+[illegible]	101[illegible]	94[illegible]
Treas 7¾pc 2006‡‡	7.90	8.03	98[illegible]	+[illegible]	103[illegible]	94[illegible]
Treas 8pc 2002-6‡‡	8.00	8.06	100	+[illegible]	104[illegible]	95[illegible]
Treas 11¾pc 2003-7	9.81	7.91	119[illegible]	+[illegible]	125[illegible]	115½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]

Notes		Yield (1)	(2) Price £	+ or -	52 week High	52 week Low
Index-Linked	(b)					
4⅝pc '98‡‡	(135.6)	1.32	2.75 112½xd	+[illegible]	113[illegible]	109[illegible]
2½pc '01	(78.3)	2.86	3.52 178[illegible]	+[illegible]	180[illegible]	170[illegible]
2½pc '03	(78.8)	3.17	3.58 174[illegible]	+[illegible]	176[illegible]	166[illegible]
4⅜pc '04‡‡	(135.6)	3.21	3.59 114[illegible]	+[illegible]	116[illegible]	110[illegible]
2pc '06	(69.5)	3.32	3.61 182[illegible]	+[illegible]	185[illegible]	173¼
2½pc '09	(78.8)	3.42	3.68 164[illegible]	+[illegible]	167[illegible]	158[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for August 1995: 149.9 and for March 1996: 151.5.

* 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real index-linked redemption yields are calculated by NISBC Greenwell from Bank of England closing prices.

هكذا من الأصل

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark on the ropes as election boosts lira

By Philip Gawith

The combination of dollar friendly comments from G-7 finance ministers meeting in Washington and the victory of the centre-left alliance in the Italian elections was sufficient yesterday to drive the D-Mark to fresh lows on the foreign exchanges.

The lira rallied to an 18 month high against the D-Mark, while the French franc and the Swedish krona reached respective 33 and 36 month highs against the beleagured German currency.

The lira finished in London at L1,023, from L1,042 on Friday. The franc closed at FFr3.383, from FFr3.393, while the krona closed at SKr4.424, from SKr4.451.

The D-Mark also lost ground against the dollar, yen, Swiss franc and sterling. Against the dollar it finished at DM1.5164, from DM1.5057. Against the yen it slipped to Y70.33, from Y71.03.

The G-7's comments on exchange rates were in line with market expectations, and stopped short of telling the market to buy dollars, so their impact was limited.

Sterling lost ground against the dollar, closing at $1.5113, from $1.5177, but finished higher against the D-Mark at DM2.2916, from DM2.2851.

■ The lira's strong performance was, in the first instance, the product of an election result better than could have been expected. What really galvanised the rally, though, were comments from Mr Romano Prodi, leader of the centre-left alliance, that Italy would "as soon as possible" start negotiations on re-joining the European exchange rate mechanism.

■ Pound in New York

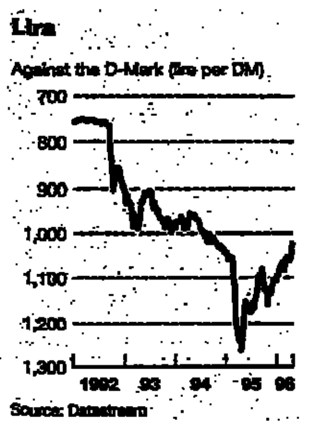
Apr 22	Latest	Prev. close
£ spot	1.5120	1.5145
1 mth	1.5113	1.5138
3 mth	1.5101	1.5126
1 yr	1.5030	1.5060

This provides support to the currency because the market knows that Italy's EU partners would only accept it rejoining the ERM if it did so with a currency which was not highly undervalued. When Italy left the ERM in September 1992, it was trading around L765 against the D-Mark.

Mr Lorenzo Codogno, chief economist at the Bank of America in Milan, said that provided dollar/D-Mark stayed in the DM1.50/52 range, he believed the lira could rally to L1,000 against the D-Mark. "At that level the Italian government could ask to re-enter the ERM," he said.

Mr Codogno said "as soon as possible could actually mean by the end of June."

He said that at L1,000 the lira would still be somewhat undervalued, but that this would provide a necessary and important boost to economic growth. Inflation differentials with its trading partners will also see this advantage gradually dissipated.



Mr Codogno said a breach of L1,000 was likely to prove only temporary. "It is not in the target of the Bank of Italy to have the lira much stronger. They want to stabilise the value of the lira." He predicted that if the lira continued to rally, the central bank might start buying D-Marks to bolster reserves, or cut interest rates to arrest the appreciation.

■ The main point to emerge from the G-7 deliberations on currencies is that there is more appetite for the dollar to strengthen against the D-Mark than against the yen.

Mr Stephen Lewis, of the London Bond Broking company, says there may be a problem with the G-7's stance: "Stabilisation of the yen/dollar rate will remove one of the major factors contributing, over the past year, to the dollar's recovery against the D-Mark, namely the market's perception that the dollar is generally undervalued."

"It seems unlikely," said Mr Lewis, "that the US Treasury would be prepared to intervene in forex markets to push the dollar up against the D-Mark while intervening in an appropriate direction to hold the US currency down against the yen."

Mr Lewis believes also that the US had a much greater incentive to help Japan with its problems than it has with Europe.

Yesterday's D-Mark losses occurred despite cautious comments from Mr Hans Tietmeyer, the Bundesbank president, about the likely pace at which German interest rates would fall.

Figures from 4CAST, the financial analysis consultancy, show that since June 1995, the D-Mark has lost around 15 per cent against the Swedish krona, 13 per cent against the lira and 9 per cent against the dollar (6 per cent this year, and around 3 per cent this month). Its only significant gains have been against the yen – 15 per cent.

■ OTHER CURRENCIES

Apr 22	£	$
Czech Rp	41.7658 - 41.8003	27.5430 - 27.6530
Hungary	220.909 - 221.067	146.210 - 146.260
Iran	4534.80 - 4532.70	3000.00 - 3000.00
Kuwait	0.4531 - 0.4536	0.2998 - 0.3001
Poland	3.9820 - 3.9858	2.6355 - 2.6375
Russia	7454.78 - 7462.77	4934.00 - 4937.00
U.A.E.	5.5486 - 5.5521	3.6725 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Apr 22		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.1179	+0.0454	110 - 247	16.1600	16.0136	16.0666	2.3	16.0116	2.6	-	-	105.1
Belgium	(BFr)	47.1057	+0.1344	645 - 468	47.1900	46.5360	47.0007	2.7	46.7907	2.7	45.7707	2.8	107.1
Denmark	(DKr)	8.8393	+0.024	350 - 436	8.8562	8.8322	8.8239	2.1	8.7911	2.2	8.6478	2.2	107.9
Finland	(FM)	7.2110	-0.0025	037 - 183	7.2380	7.2020	7.2066	0.7	7.1986	0.7	-	-	81.8
France	(FFr)	7.7535	-0.0002	509 - 560	7.7788	7.7502	7.7406	2.0	7.718	1.8	7.6178	1.8	109.5
Germany	(DM)	2.2916	+0.0085	907 - 925	2.2991	2.2895	2.2866	2.6	2.2762	2.7	2.2257	2.9	108.6
Greece	(Dr)	365.405	-0.819	245 - 565	367.377	365.240	-	-	-	-	-	-	67.1
Ireland	(I£)	0.9678	+0.0001	671 - 685	0.9700	0.9656	0.967	1.0	0.9657	0.9	0.9589	0.9	97.9
Italy	(L)	2344.40	-35.65	318 - 563	2371.51	2341.54	2352.85	-4.2	2367.75	-4.0	2422.45	-3.2	75.7
Luxembourg	(LFr)	47.1057	+0.1344	645 - 468	47.1900	46.5360	47.0007	2.7	46.7907	2.7	45.7707	2.8	107.1
Netherlands	(Fl)	2.5631	+0.0077	617 - 644	2.5706	2.5578	2.5588	3.0	2.544	3.0	2.4849	3.1	107.3
Norway	(NKr)	9.8557	+0.0015	477 - 636	9.8695	9.8043	9.8467	1.1	9.8276	1.1	9.7319	1.3	98.6
Portugal	(Es)	234.811	+0.197	573 - 048	235.301	234.670	235.256	-2.2	236.141	-2.3	-	-	95.2
Spain	(Pta)	190.538	+0.225	419 - 658	191.155	190.400	190.848	-2.0	191.343	-1.7	192.998	-1.3	81.8
Sweden	(SKr)	10.1411	-0.0242	313 - 508	10.2012	10.0982	10.1423	-0.1	10.144	-0.1	10.1462	-0.1	89.4
Switzerland	(SFr)	1.8542	-0.0009	531 - 552	1.8618	1.8540	1.8478	4.1	1.8351	4.1	1.7763	4.1	113.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	83.8
Ecu	-	1.2215	+0.0014	209 - 220	1.2251	1.2181	1.2202	1.3	1.2172	1.4	1.2039	1.4	-
SDR†	-	1.043600	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5102	-0.0064	099 - 114	1.5131	1.5080	-	-	-	-	-	-	-
Brazil	(R$)	1.4983	-0.0058	978 - 988	1.5000	1.4971	-	-	-	-	-	-	-
Canada	(C$)	2.0589	-0.0085	580 - 597	2.0608	2.0557	2.0582	0.4	2.0545	0.8	2.0455	0.6	84.5
Mexico	(New Peso)	11.1446	-0.1048	384 - 511	11.1999	11.1350	-	-	-	-	-	-	-
USA	($)	1.5113	-0.0064	109 - 116	1.5138	1.5105	1.5108	0.6	1.5094	0.5	1.5028	0.6	98.5
Pacific/Middle East/Africa													
Australia	(A$)	1.9214	-0.0192	203 - 224	1.9279	1.9200	1.924	-1.6	1.929	-1.6	1.9549	-1.7	92.5
Hong Kong	(HK$)	11.6908	-0.048	876 - 940	11.7088	11.6855	11.6927	0.8	11.5711	0.7	11.6513	0.3	-
India	(Rs)	51.6848	-0.2189	217 - 479	51.8485	51.5210	-	-	-	-	-	-	-
Israel	(Shk)	4.8030	-0.0445	986 - 073	4.8271	4.7980	-	-	-	-	-	-	-
Japan	(Y)	161.152	-1.184	062 - 242	162.620	160.970	160.427	5.4	158.987	5.5	152.522	5.4	137.2
Malaysia	(M$)	3.7658	-0.0223	641 - 674	3.7757	3.7824	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2048	-0.0087	031 - 064	2.2135	2.2009	2.2098	-2.7	2.2193	-2.8	2.2531	-2.2	107.5
Philippines	(Peso)	39.5343	-0.1827	486 - 190	39.8200	39.4465	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6671	-0.0236	654 - 687	5.6764	5.6641	-	-	-	-	-	-	-
Singapore	(S$)	2.1302	-0.0075	289 - 314	2.1321	2.1280	-	-	-	-	-	-	-
South Africa	(R)	6.4304	-0.0462	213 - 394	6.4513	6.4210	-	-	-	-	-	-	-
South Korea	(Won)	1177.04	-5.29	669 - 739	1178.95	1176.58	-	-	-	-	-	-	-
Taiwan	(T$)	41.0858	-0.1689	255 - 460	41.1042	41.0146	-	-	-	-	-	-	-
Thailand	(Bt)	38.2196	-0.139	956 - 435	38.2920	38.1840	-	-	-	-	-	-	-

† Rates for Apr 19. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 22		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	10.6653	+0.0749	632 - 673	10.6670	10.6520	10.5709	2.2	10.6038	2.3	10.4203	2.3	105.3
Belgium	(BFr)	31.1700	+0.22	500 - 900	31.2100	31.1330	30.885	2.1	31	2.2	30.48	2.3	107.1
Denmark	(DKr)	5.8490	+0.0405	475 - 505	5.8611	5.8450	5.801	1.5	5.8245	1.7	5.7555	1.6	107.4
Finland	(FM)	4.7716	+0.0185	678 - 753	4.7899	4.7646	4.7466	1.6	4.7531	1.6	4.7076	1.3	80.9
France	(FFr)	5.1305	+0.0215	300 - 310	5.1420	5.1275	5.1029	1.4	5.1146	1.2	5.0725	1.1	109.2
Germany	(DM)	1.5164	+0.0107	161 - 166	1.5199	1.5145	1.5031	2.1	1.5081	2.2	1.4819	2.3	108.5
Greece	(Dr)	241.790	+0.48	740 - 840	243.120	241.650	242.985	-8.3	246.815	-8.3	260.79	-7.9	66.6
Ireland	(I£)	1.5616	-0.0067	608 - 623	1.5640	1.5588	1.5699	-0.4	1.5631	-0.4	1.5546	0.5	-
Italy	(L)	1551.30	-16.95	085 - 175	1569.50	1549.15	1574.3	-4.6	1568.9	-4.5	1609.8	-3.8	74.1
Luxembourg	(LFr)	31.1700	+0.22	500 - 900	31.2100	31.1390	30.897	2.1	31.0105	2.0	30.53	2.1	107.1
Netherlands	(Fl)	1.6960	+0.0117	955 - 965	1.7001	1.6915	1.6809	2.4	1.6855	2.5	1.6538	2.5	107.1
Norway	(NKr)	6.5216	+0.0285	178 - 253	6.5490	6.4852	6.4901	0.5	6.5131	0.5	6.4768	0.7	97.9
Portugal	(Es)	155.375	+0.785	320 - 430	155.820	155.240	154.905	-2.4	156.26	-2.3	158.425	-2.0	95.5
Spain	(Pta)	126.080	+0.68	030 - 130	126.430	125.980	125.65	-2.4	126.76	-2.2	128.3	-1.8	81.7
Sweden	(SKr)	6.7104	+0.0124	055 - 153	6.7495	6.6787	6.7091	-2.0	6.7389	-1.7	6.7809	-1.1	88.8
Switzerland	(SFr)	1.2269	+0.0046	265 - 273	1.2318	1.2262	1.2187	3.6	1.2161	3.5	1.1842	3.5	112.3
UK	(£)	1.5113	-0.0064	109 - 116	1.5138	1.5105	1.517	0.6	1.5094	0.5	1.5028	0.6	83.5
Ecu	-	1.2373	-0.0086	370 - 375	1.2397	1.2340	1.2447	-0.7	1.2397	-0.8	1.2486	-0.9	-
SDR†	-	0.69050	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9993	-	987 - 999	0.9999	0.9985	-	-	-	-	-	-	-
Brazil	(R$)	0.9914	+0.0003	913 - 915	0.9915	0.9910	-	-	-	-	-	-	-
Canada	(C$)	1.3624	+0.0001	621 - 626	1.3630	1.3601	1.3621	0.1	1.3625	0.0	1.3653	-0.2	83.8
Mexico	(New Peso)	7.3745	-0.038	720 - 770	7.3770	7.3720	7.4147	-0.4	7.38	-0.3	7.3848	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.3
Pacific/Middle East/Africa													
Australia	(A$)	1.2713	-0.0073	710 - 718	1.2736	1.2710	1.2806	-1.9	1.2768	-1.7	1.2955	-1.9	93.3
Hong Kong	(HK$)	7.7359	+0.0011	355 - 362	7.7365	7.7348	7.7355	-0.1	7.7384	-0.1	7.7654	-0.4	-
India	(Rs)	34.2000	-	000 - 000	34.3500	34.1000	34.35	-5.3	34.655	-5.3	36.125	-5.6	-
Israel	(Shk)	3.1782	-0.0159	760 - 803	3.1940	3.1750	-	-	-	-	-	-	-
Japan	(Y)	106.635	-0.33	600 - 670	107.550	106.440	106.52	5.0	105.29	5.0	101.55	4.8	136.8
Malaysia	(M$)	2.4916	-0.0042	913 - 923	2.4975	2.4880	2.4969	-0.4	2.4988	-1.1	2.5223	-1.2	-
New Zealand	(NZ$)	1.4588	+0.0017	582 - 596	1.4622	1.4580	1.4602	-2.6	1.4677	-2.4	1.4923	-2.3	-
Philippines	(Peso)	26.1600	-0.01	100 - 100	26.2100	26.1100	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7499	+0.0002	497 - 501	3.7505	3.7495	3.7501	-0.1	3.751	-0.1	3.7544	-0.1	-
Singapore	(S$)	1.4085	+0.001	090 - 100	1.4105	1.4080	1.405	3.0	1.4	2.7	1.3745	2.5	-
South Africa	(R)	4.2550	-0.0125	500 - 600	4.2650	4.2500	4.2982	-8.1	4.3353	-7.5	4.5585	-7.1	-
South Korea	(Won)	778.850	-0.2	800 - 900	779.200	778.750	-	-	-	-	-	-	-
Taiwan	(T$)	27.1535	+0.0045	530 - 540	27.1550	27.1410	27.169	-0.9	27.2135	-0.9	-	-	-
Thailand	(Bt)	25.2900	+0.015	800 - 000	25.3040	25.2290	25.3887	-4.7	25.5925	-4.8	26.475	-4.7	-

† SDR rate per $ for Apr 19. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 19: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

April 22	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	2.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	[illegible]	[illegible]	[illegible]	[illegible]	$4\frac{1}{2}$	3.70	-	5.60
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.70	-	5.60
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	10.00
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	10.00
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	$\frac{1}{2}$	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	$\frac{1}{2}$	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	$5\frac{1}{2}$	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.13	5.15	5.25	5.53	-	-	-
week ago	-	5.13	5.15	5.23	5.53	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 22	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.09	96.11	+0.07	96.14	96.07	17,629	59,653
Sep	96.03	96.06	+0.09	96.08	96.01	10,630	47,871
Dec	95.84	95.88	+0.10	95.89	95.83	6,801	29,019

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.84	96.83	+0.01	96.84	96.82	35735	222172
Sep	96.85	96.84	-	96.87	96.83	33684	252990
Dec	96.69	96.67	+0.02	96.71	96.67	37153	200913
Mar	96.38	96.37	+0.02	96.42	96.38	22548	120084

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	91.44	91.32	-0.22	91.44	91.22	16678	43893
Sep	91.75	91.63	-0.29	91.88	91.75	16249	28645
Dec	91.80	91.93	-0.28	92.00	91.80	5123	16838
Mar	91.86	91.85	-0.26	91.88	91.82	1235	8034

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.24	98.22	-	98.24	98.21	1859	24736
Sep	98.18	98.15	-	98.19	98.15	2124	15232
Dec	97.91	97.90	+0.03	97.93	97.89	1486	11566
Mar	97.57	97.59	+0.03	97.61	97.57	566	3359

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.18	99.18	-0.01	99.18	99.18	96	na
Sep	98.90	98.90	-0.01	98.90	98.90	500	na
Dec	98.61	98.61	-0.01	98.61	98.61	50	na

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.76	95.76	+0.05	95.78	95.74	842	8428
Sep	95.78	95.75	+0.05	95.77	95.75	247	3970
Dec	95.58	95.59	+0.07	95.60	95.57	129	3176
Mar	95.31	95.30	+0.07	95.31	95.29	79	1856

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 23		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.76	16.46	4.865	2.055	4976	5.440	20.92	498.4	404.4	21.52	3.935	2.123	4.371	3.207	342.2	2.594
Denmark	(DKr)	53.30	10	8.772	2.593	1.095	2652	2.900	11.15	265.6	215.5	11.47	2.098	1.131	2.329	1.709	182.4	1.383
France	(FFr)	60.76	11.40	10	2.956	1.248	3023	3.305	12.71	302.8	245.7	13.08	2.391	1.290	2.655	1.949	207.9	1.576
Germany	(DM)	20.55	3.856	3.383	1	0.422	1023	1.118	4.300	102.4	83.12	4.424	0.809	0.436	0.898	0.659	70.33	0.533
Ireland	(I£)	48.67	9.131	8.010	2.368	1	2421	2.648	10.18	242.6	196.8	10.48	1.915	1.033	2.127	1.561	166.5	1.262
Italy	(L)	2.010	0.377	0.331	0.098	0.041	100.	0.109	0.420	10.02	8.127	0.433	0.079	0.043	0.088	0.064	6.877	0.052
Netherlands	(Fl)	18.38	3.449	3.025	0.894	0.378	914.6	1	3.845	91.61	74.33	3.956	0.723	0.390	0.803	0.590	62.90	0.477
Norway	(NKr)	47.80	8.968	7.867	2.325	0.982	2378	2.600	10	238.2	193.3	10.29	1.881	1.015	2.089	1.533	163.6	1.240
Portugal	(Es)	20.06	3.764	3.302	0.976	0.412	998.3	1.092	4.198	100.	81.13	4.319	0.790	0.426	0.877	0.644	68.65	0.520
Spain	(Pta)	24.73	4.640	4.070	1.203	0.508	1230	1.345	5.174	123.3	100.	5.323	0.973	0.525	1.081	0.793	84.62	0.641
Sweden	(SKr)	46.46	8.717	7.647	2.260	0.955	2312	2.528	9.720	231.6	187.9	10	1.828	0.986	2.031	1.490	159.0	1.205
Switzerland	(SFr)	25.41	4.768	4.182	1.236	0.522	1264	1.382	5.316	126.6	102.8	5.469	1	0.539	1.111	0.815	86.95	0.659
UK	(£)	47.11	8.839	7.754	2.292	0.968	2344	2.563	9.856	234.8	190.5	10.14	1.854	1	2.059	1.511	161.2	1.222
Canada	(C$)	22.88	4.293	3.766	1.113	0.470	1138	1.245	4.787	114.0	92.52	4.925	0.900	0.486	1	0.734	78.29	0.593
US	($)	31.18	5.850	5.132	1.517	0.641	1551	1.696	6.523	155.4	126.1	6.711	1.227	0.662	1.363	1	106.7	0.809
Japan	(Y)	29.22	5.483	4.810	1.422	0.600	1454	1.590	6.114	145.7	118.2	6.290	1.150	0.620	1.277	0.937	100.	0.758
Ecu		38.55	7.233	6.345	1.876	0.792	1918	2.097	8.065	192.1	155.9	8.298	1.517	0.818	1.685	1.236	131.9	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6615	0.6615	-0.0023	0.6620	0.6600	23,799	79,788
Sep	0.6649	0.6653	-0.0024	0.6653	0.6645	183	3,269
Dec	-	0.6718	-	0.6735	0.6727	4	389

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9376	0.9459	+0.0065	0.9462	0.9365	17,418	68,661
Sep	0.9556	0.9569	+0.0063	0.9571	0.9551	375	2,066
Dec	-	0.9617	-	-	-	10	1,179

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8177	0.8196	+0.0008	0.8203	0.8161	19,179	41,023
Sep	0.8268	0.8262	-0.0003	0.8272	0.8262	185	1,521
Dec	-	0.8341	-	-	-	3	670

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.5116	1.5116	-0.0020	1.5118	1.5096	10,962	61,103
Sep	1.5106	1.5098	-0.0024	1.5106	1.5092	2	154
Dec	-	1.5080	-	-	1.5080	6	34

EMS EUROPEAN CURRENCY UNIT RATES

Apr 22	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	158.585	-0.051	-2.41	4.17	17
Netherlands	2.15214	2.13425	+0.00655	-0.83	2.52	6
Belgium	39.3960	39.1604	+0.1052	-0.62	2.30	4
Austria	13.4383	13.4189	+0.0382	-0.14	1.81	1
Portugal	195.792	195.518	+0.133	-0.14	1.81	1
Germany	1.91007	1.90729	+0.00541	-0.11	1.78	1
France	6.40608	6.45795	-0.00098	0.81	0.85	-7
Denmark	7.28580	7.35771	+0.01973	0.99	0.67	-7
Ireland	0.792214	0.805427	-0.00139	1.67	0.00	-11
NON ERM MEMBERS						
Greece	292.867	304.419	-0.604	3.94	-2.19	
Italy	2106.15	1955.38	-29.21	-7.16	9.51	
UK	0.786652	0.831304	-0.002981	5.68	-3.79	

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	May	Jun	PUTS Apr	May	Jun
1.490	2.70	3.04	3.44	0.12	0.45	0.89
1.500	1.88	2.37	2.78	0.26	0.73	1.23
1.510	1.15	1.75	2.24	0.43	1.10	1.63
1.520	0.61	1.24	1.74	0.89	1.59	2.13
1.530	0.26	0.84	1.32	1.54	2.18	2.66

Previous day's vol., Calls N/A Puts N/A . Prev. day's open int., Calls N/A Puts N/A

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.53	94.55	+0.02	94.55	94.53	32,540	395,042
Sep	94.40	94.42	+0.03	94.43	94.40	33,472	360,123
Dec	94.12	94.17	+0.06	94.18	94.12	63,234	341,345

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.03	95.03	+0.02	95.03	95.03	561	9,549
Sep	94.88	94.89	+0.06	94.89	94.88	482	4,890
Dec	-	94.68	+0.04	94.68	-	9	708

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS May	Jun	Jul	Sep	PUTS May	Jun	Jul	Sep
9675	0.10	0.12	0.18	0.20	0.02	0.04	0.09	0.11
9700	0.01	0.02	0.05	0.08	0.18	0.19	0.21	0.24
9725	0	0	0.01	0.03	0.42	0.42	0.42	0.44

Est. vol. total, Calls 4662 Puts 7805. Previous day's open int., Calls 344021 Puts 344388

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9825	0.07	0.12	0.12	0.10	0.22	0.47
9850	0.04	0.06	0.05	0.23	0.41	0.65

Est. vol. total, Calls 60 Puts 0. Previous day's open int., Calls 5366 Puts 3071

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9125	0.32	0.80	1.02	0.25	0.22	0.34
9150	0.19	0.63	0.86	0.37	0.30	0.43
9175	0.11	0.47	0.69	0.54	0.39	0.51

Est. vol. total, Calls 4660 Puts 50. Previous day's open int., Calls 31734 Puts 18883

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.00	•Singer & Friedlander	6.00
AIB Bank	6.00	Financial & Gen Bank	7.00	•Smith & Williamson Secs.	6.00
•Henry Ansbacher	6.00	•Robert Fleming & Co	6.00	TSB	6.00
Bank of Baroda	6.00	Girobank	6.00	United Bank of Kuwait	6.00
Banco Bilbao Vizcaya	6.00	•Guinness Mahon	6.00	Unity Trust Bank Plc	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	Western Trust	6.00
Bank of Ireland	6.00	•Hambros Bank	6.00	Whiteaway Laidlaw	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Yorkshire Bank	6.00
Bank of Scotland	6.00	•Hill Samuel	6.00		
Barclays Bank	6.00	C. Hoare & Co	6.00	• Members of London Investment Banking Association	
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00	* In administration	
•Brown Shipley & Co Ltd	6.00	Julian Hodge Bank	6.00		
Citibank NA	6.00	•Leopold Joseph & Sons	6.00		
Clydesdale Bank	6.00	Lloyds Bank	6.00		
The Co-operative Bank	6.00	Meghraj Bank Ltd	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Credit Lyonnais	6.00	• Mount Credit Corp	6.25		
Cyprus Popular Bank	6.00	NatWest	6.00		
		•Rea Brothers	6.00		

UK INTEREST RATES

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.96	93.95	-	93.97	93.94	6609	78441
Sep	93.80	93.77	-0.01	93.81	93.77	6609	60086
Dec	93.41	93.39	-0.01	93.43	93.36	11055	65735
Mar	92.95	92.94	-0.01	92.97	92.93	4689	43077
Jun	92.60	92.59	-0.03	92.62	92.59	2881	36731

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9375	0.24	0.21	0.19	0.04	0.19	0.55
9400	0.05	0.09	0.11	0.11	0.32	0.72
9425	0.01	0.03	0.04	0.32	0.52	0.92

Est. vol. total, Calls 3050 Puts 4850. Previous day's open int., Calls 126038 Puts 114241

LONDON MONEY RATES

Apr 22	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	[illegible]	-
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	[illegible]	-	-	-	-

UK clearing bank base lending rate 6 per cent from March 8, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	[illegible]	5	[illegible]	[illegible]	[illegible]

Certs of Tax dep. under £100,000 is [illegible]pc. Deposits withdrawn for cash [illegible]pc. Ave. tender rate of discount on Apr 19, 5.7603pc. ECGD fixed rate Stg. Export Finance. Make up day Mar 29, 1996. Agreed rates for period Apr 26, 1996 to May 25, 1996, Schemes II & III 7.39pc. Reference rate for period Mar 1, 1996 to Mar 29, 1996, Scheme IV & V 6.130pc. Finance House Base Rate 6½pc from April 1, 1996

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq		581	—	596	478½	5,190	5.9	18.1
Bulmer (HP)		622	—	635	409	328.4	2.5	19.5
Burn St Dist		119xd	[illegible]	146	101	70.8	5.3	25.7
Grand Met		451	-1½	467	374	9,457	4.1	18.4
Guinness		474xd	-3½	536	435	[illegible]	3.9	15.5
Highland		367	-2	406	315	489.8	2.7	17.0
Kirin Y		854	+17	887	621	[illegible]	0.7	[illegible]
Macallan-Glen		170xd	-1	277	150	[illegible]	1.1	34.9
Macdon Martin A		633	—	680	600	[illegible]	[illegible]	17.8
Matthew Clark		784	-1	787	580	674.8	3.8	-
Merrydown		115	+11	140	88	12.5	[illegible]	-
Seagram $		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.3	-

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER FINANCIAL - Cont.

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PHARMACEUTICALS - Cont.

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£29¼	—	£34½	£29¼	1,989	2.8	Φ
Barlow	♣	£9⅝	+⅛	£10½	£8	1,888	1.6	Φ
Gold Flds Prop R		140xd	—	170	135	14.3	6.7	10.0
MK Props		90	—	95	80	3.22	12.4	–
SASOL	♥	710	+20	710	475	4,157	1.7	–
SA Brews		£21½	+⅛	£28¼	£17¼	6,332	1.4	32.9
Standard Bank	☐	£28⅛	+⅛	£32¼	£20½	3,387	1.5	22.2
Tiger Oats		910	—	1270	850	1,309	1.8	Φ
Tongaat-Hulett	†	942	—	1247	685	881.7	1.8	20.4

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR Headline Earnings formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below
- ✤ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v P/e ratios are calculated under new ACT guidelines. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1996-97. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1995. K Yield based on prospectus or other official estimates for 1996. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. R Forecast annualised yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

24.2

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie dips but Mid 250 index hits another high

By Steve Thompson, UK Stock Market Editor

An element of anti-climax was plainly evident in the UK equity market yesterday, with the leaders tending to drift back in spite of another bid in the utilities sector.

But in another demonstration of the market's underlying strength, the second line stocks, which were always well bid during the session, closed at or around their best levels.

Such was the demand for that sector that the FT-SE Mid 250 index posted its seventh consecutive record high, finishing the day a net 9.6 up at 4,544.1.

"The market is still full of bid talk, but today the institutions decided to sit back," was the view of one dealer. Others pointed to the absence yesterday of any of the frantic programme trading activity that was one of the features of last week. They said there had been a marked slowdown in the amount of new money being pumped into the market via unit trusts and investment trusts.

The FT-SE 100 closed 4.4 lower at 3,852.7 after the quietest day for some time. Turnover at the 6pm reading was 695.9m shares, well down from recent levels.

Customer turnover has been running at well above average levels recently, topping the £2bn mark for the last three days of last week.

The consensus among traders was that London had put up a creditable performance in the face of some determined profit-taking.

London even ignored a sharply higher opening performance by Wall Street, where the Dow Jones Industrial Average raced up more than 50 points in early trading before coming off and then making renewed rapid progress after London closed, when the Dow was showing a 33-point gain.

News of slightly higher than expected M4 money supply growth caused little damage to the market during early exchanges which saw the FT-SE 100 open around three points lower, in the wake of the disappointing performance by Wall Street on Friday.

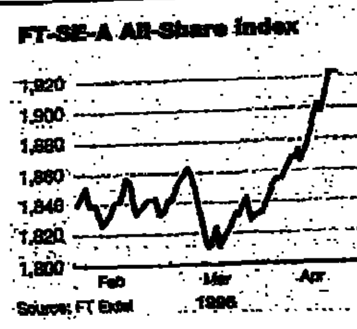
After sliding almost 10 points in the first hour of trading, the Footsie began to claw its way back, eventually moving into positive ground shortly after Wall Street opened. But with the volume of business faltering, the market could not maintain its rally and the index fell back to close with a modest decline on balance.

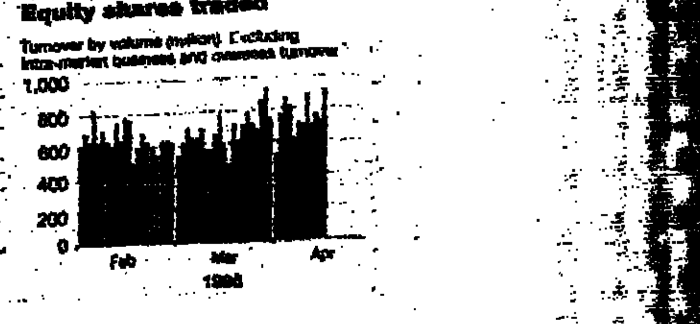
The utilities areas of the market remained alive with actual and rumoured takeover speculation. Southern Electricity received the expected renewed offer from National Power, itself in receipt of a bid proposal from Southern Company, of the US. Shares in the UK rec surged higher, taking prices of the remaining recs with them.

Speculators were especially out in force in London Electricity, after last week's rumours of a bid from Houston Industries, of the US.

Outside of the utilities, Asda delivered the best performance among the Footsie stocks; the company has been giving a round of presentations to institutions.

On the downside, Carlton Communications fell away after bearish reports in the weekend press, and Eurotunnel delivered preliminary figures every bit as bad as the pessimists had feared.





Indices and ratios

FT-SE 100	3852.7	-4.4
FT-SE Mid 250	4544.1	+9.6
FT-SE-A 350	1944.6	-0.8
FT-SE-A All-Share	1923.94	-0.23
FT-SE-A All-Share yield	3.67	3.67
FT Ordinary index	2880.1	-5.1
FT-SE-A Non Fins p/e	17.63	17.64
FT-SE 100 Fut Jun	3864.00	+1.50
10 yr Gilt yield	7.99	8.01
Long gilt/equity yld ratio:	2.28	2.26

Best performing sectors

1	Electricity	+2.5
2	Water	+1.2
3	Household Goods	+1.0
4	Tobacco	+0.8
5	Distributors	+0.7

Worst performing sectors

1	Textiles & Apparel	-1.1
2	Media	-0.8
3	Pharmaceuticals	-0.7
4	Telecommunications	-0.6
5	Oil Exploration & Co	-0.5

Power bid lifts sector

It was perhaps inevitable that Southern Electric would record the day's best performance in the Footsie following the news that National Power had renewed its interest in the distributor with a £2.5bn agreed takeover bid.

Dealers had anticipated that the UK's biggest generator would adopt a "poison pill" defensive mechanism to ward off the attention of a hostile takeover bid from Southern Company, the US utility.

One trader said yesterday: "We expected National Power would do something but no one expected it to make this kind of move before the Department of Trade and Industry (DTI) report into such a bid. We are waiting to see if the Americans will up the pace by launching their own bid for NP."

Shares in Southern Electric jumped 32 to 891p, in trade of 5.2m, while those of National Power were also in demand, boosted by continued bid speculation. They finished the session 13 ahead at 605p in volume of 7.9m. The equivalent of 2.5m was also dealt in the traded options sector.

Bid talk spread to other stocks in the sector and Scottish Power advanced 13½ to 400½p, while United Utilities was the third best performer in the Footsie after some 2m were dealt. The shares jumped 14 to 627p.

The National Grid joined in the general euphoria in the sector and shares in the group hardened 4 to 198½p.

With Southern Electric now off the list of bid targets, investors attention turned to London Electricity, sending the group's shares sharply forward by near to 5 per cent in very solid trading volume.

The word late in the session was that a US group was still working on a 940p a share bid for the UK distributor. Shares in the group rose 38 to 855p in trade of 3.6m.

Midlands, where PowerGen, the generator, has already signalled its intention to bid for the group, also remained a focus for attention; the shares jump 24 to 417p.

Sentiment swung against the media leaders, taking the shine off some of the recent strong gains seen in the sector.

ABN Amro Hoare Govett set the tone, moving Reed International from buy to hold. Reed, Reuters, BSkyB and Carlton Communications all took a tumble as investors deemed it opportune to take profits.

Over the past month the Footsie media components have outpaced the market as a whole by around 4 per cent on average, with Reuters beating the market by 7.5 per cent and BSkyB by 5.2 per cent.

"It has been heady stuff, and I am not really surprised at today's reaction," said one leading analyst yesterday.

BSkyB, which hit a new peak on Friday, came off 7 to 469p, while Carlton ended as the Footsie backmarker. The shares retreated 11½ to 458p, with the group's goodwill accounting under attack in the weekend press.

Reuters was 12 lower at 782p.

Reed, which went ex-dividend yesterday, closed off 19 at 1171p, but was actually up 5 on an adjusted basis.

Advertising and marketing agency WPP dipped a penny to 210p in spite of an upbeat first-quarter trading statement which prompted a forecast profits upgrade from Panmure Gordon.

"Thanks to the US elections and the July Olympics, WPP is heading for a strong year. Two big group clients, IBM and Kodak, are sponsoring the Olympics," said Panmure analyst Ms Lorna Tilbian.

Channel tunnel operator Eurotunnel slid to the bottom of the FT-SE Mid 250 rankings following a trading statement that fell short of most City expectations.

Allowing for currency gains, net losses for last year pressed up close to £1bn compared to a stock market value for the company of around £650m.

Most transport teams adjusted their estimates for the current year. UBS raised loss forecasts by £35m to £850m. The shares retreated 4¼ to 69p.

News that it had won the Midland Main Line rail franchise pushed bus operator National Express up 16 to 508p.

Among food retailers, Asda Group firmed 2¾ to 114½p in 8.4m traded. Dealers suggested that the recent spate of buying had been encouraged by positive presentations from the company. There were vague rumours suggesting that Asda was looking to launch its own brand of over the counter medicines.

Brokers rushed to upgrade full-year profits expectations at Associated British Foods, after the company reported figures well ahead of the best forecasts in the market.

Shares in the group jumped 9 to 420p. Ms Sally Jones at Credit Lyonnais Laing was among those that was cheered by the figures and she raised her profit estimates for the current year by £18m to £415m.

Dalgety fell 13 to 413p on reports of a product recall in the Netherlands for its dry cat food.

Bargain hunting in Cadbury Schweppes saw the shares regain their poise to finish 9 up at 527p.

News of an acquisition by London International Group was well received by the market, the stock gaining 7 at 129p. LIG said it had bought US based medical glove and condom manufacturer Aladan Corp. UK analysts said they regarded the purchase as a "good fit" for LIG.

The exercise of options by directors pushed three retailers lower. Next shed 15 to 541p, Dixons 8 to 492p and Moss Bros 5 to 905p. One analyst said that after a strong run for all three over the past fortnight, investors were following directors in locking in profits.

Laura Ashley was among those retailers that continued to benefit from recent good results, rising 10 to 208p, while DFS, the furniture group, added 22 at 528p ahead of results on Thursday.

Speculation in the media that W.H. Smith, a penny firmer at 498p, was planning a £200m rights issue was played down in the markets.

One analyst said a strategic review was not due until mid-May and speculation about strategy was premature.

Among the leisure stocks one of the best performers was Euro Disney, up 11 to 205p, after positive interim results.

Trading ticked over on the brewing sector with Scottish & Newcastle falling 8½ to 697p, with profit taking after last week's rise in price.

Vague talk of flat trading at Belgian glass giant Glaverbel was said to have undermined sentiment at Pilkington and the stock came off 4¼ to 213p in 2.8m traded, the second worst Footsie performance. RMC added 21 to 1087p.

International conglomerate Hanson was well dealt both in the cash market and stock options pits. The shares hardened to 200½p in 10m traded.

The profit-takers moved in on computer software group Micro Focus. Up almost 50 per cent last week, the shares peeled off 192 to 1143p. Video software group Eidos added 42 to 780p as the group's offer for CentreGold went unconditional.

Manganese Bronze, London taxi maker and precision parts group, jumped 10 to 307p following a £2.2m placing at 282p.

MARKET REPORTERS: Jeffrey Brown, Lisa Wood, Joel Kibazo.

FINANCIAL TIMES EQUITY INDICES

	Apr 22	Apr 19	Apr 18	Apr 17	Apr 16	Yr ago	*High	*Low
Ordinary Share	2880.1	2885.2	2847.1	2824.4	2845.3	2434.5	2885.2	2696.7
Ord. div. yield	3.86	3.93	3.98	4.00	3.97	4.32	4.06	3.76
P/E ratio net	16.86	16.53	16.33	16.24	16.37	16.97	17.25	15.96
P/E ratio nil	16.62	16.29	16.10	16.01	16.13	16.49	17.03	15.76

Ordinary Share index since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2883.1	2883.6	2884.7	2881.8	2882.6	2881.5	2880.9	2881.7	2878.0	2886.0	2877.7

	Apr 22	Apr 19	Apr 18	Apr 17	Apr 16	Yr ago
SEAQ bargains	42,481	42,343	40,197	42,656	36,890	20,774
Equity turnover (£m)†	-	2072.8	2464.3	2113.3	1956.5	1199.7
Equity bargains†	-	48,958	47,711	48,994	42,903	32,117
Shares traded (mil)†	-	759.3	907.8	732.1	762.9	526.1

†Excluding intra-market business and overseas turnover.

	Apr 22	Apr 19	Apr 18	Apr 17	Apr 16	Yr ago	*High	*Low
FT-SE AIM	1036.40	1026.10	1026.40	1019.20	1014.40	-	1054.82	965.68

*For 1996.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	1,086	Total Highs	463	Total contracts	34,338
Total Falls	338	Total Lows	28	Calls	17,635
Same	1,348			Puts	16,703

Apr. 22*Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3862.5	3864.0	+1.5	3877.0	3856.0	8044	60843
Sep	3876.0	3879.5	+1.5	3876.0	3874.0	450	3366
Dec		3903.0	+1.5			0	81

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		4580.0	+10.0			0	3594

FT-SE 100 INDEX OPTION (LIFFE) (*3852) £10 per full index point

[illegible]	[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]	[illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]	[illegible]

FT GOLD MINES INDEX

	Apr 19	% chg on day	Apr 18	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (38)	2242.12	-1.4	2274.55	2841.58	1.42	-	2520.73	1722.98
Regional Indices								
Africa (13)	3033.82	-0.8	3057.54	2870.02	2.61	38.05	3553.86	2272.74
Australasia (5)	2581.17	-1.4	2618.13	2548.61	2.48	28.07	2927.34	2098.51
North America (12)	1967.53	-1.7	2002.23	1728.17	0.69	63.56	2188.30	1498.94

FT - SE Actuaries Share Indices — The UK Series

	Apr 22	Day's chge%	Apr 19	Apr 18	Apr 17	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3852.7	-0.1	3857.1	3820.7	3805.6	3209.3	3.86	2.13	15.24	84.29	1568.56
FT-SE Mid 250	4544.1	+0.2	4534.5	4493.6	4464.1	3497.8	3.28	1.77	21.58	70.93	1818.36
FT-SE Mid 250 ex Inv Trusts	4582.5	+0.2	4573.7	4530.3	4498.3	3507.8	3.38	1.82	20.36	75.50	1834.64
FT-SE-A 350	1944.6	----	1945.4	1927.2	1918.5	1592.3	3.73	2.06	16.31	31.99	1616.62
FT-SE-A 350 Higher Yield	1879.0	+0.1	1876.5	1862.5	1854.5	1608.4	4.93	1.90	13.34	38.86	1304.78
FT-SE-A 350 Lower Yield	2017.8	-0.2	2021.9	1999.5	1990.0	1575.5	2.62	2.32	20.53	25.38	1391.43
FT-SE SmallCap	2195.32	+0.3	2187.97	2169.83	2155.13	1749.87	2.95	1.77	23.94	20.89	1792.69
FT-SE SmallCap ex Inv Trusts	2184.76	+0.3	2178.49	2159.37	2143.12	1726.40	3.14	1.85	21.45	21.56	1794.40
FT-SE-A ALL-SHARE	1923.94	----	1924.17	1906.38	1897.37	1571.79	3.67	2.04	16.72	30.80	1624.30

FT-SE Actuaries All-Share

	Apr 22	Day's chge%	Apr 19	Apr 18	Apr 17	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3495.07	----	3493.65	3474.08	3485.30	2802.70	3.73	1.78	18.84	66.56	1800.38
12 Extractive Industries(5)	4664.06	----	4662.56	4593.50	4554.40	3668.33	3.46	2.36	15.32	109.19	1372.48
15 Oil, Integrated(3)	3493.59	+0.1	3490.03	3472.14	3493.38	2808.36	3.96	1.68	18.76	65.59	1538.58
16 Oil Exploration & Prod(15)	2475.07	-0.5	2487.96	2507.93	2505.71	2026.78	2.11	1.59	37.29	32.05	1488.96
20 GEN INDUSTRIALS(276)	2172.55	----	2172.12	2149.38	2139.34	1868.86	3.80	1.90	16.88	29.42	1183.11
21 Building & Construction(34)	1264.23	+0.4	1259.57	1237.03	1221.89	952.29	3.25	1.87	20.56	18.37	1056.81
22 Building Matls & Merchs(29)	2005.01	-0.2	2008.40	1980.42	1985.75	1731.60	3.79	1.85	17.87	24.03	1007.91
23 Chemicals(25)	2586.62	+0.3	2578.88	2562.82	2570.11	2283.35	3.83	1.90	17.15	36.88	1222.10
24 Diversified Industrials(19)	[illegible]										
25 Electronic & Elect Equip(38)	[illegible]										
26 Engineering(71)	[illegible]										
27 Engineering, Vehicles(13)	[illegible]										
28 Paper, Pckg & Printing(26)	[illegible]										
29 Textiles & Apparel(19)	[illegible]										
30 CONSUMER GOODS(92)	[illegible]										
32 Alcoholic Beverages(8)	[illegible]										
33 Food Producers(23)	[illegible]										
34 Household Goods(15)	[illegible]										
36 Health Care(20)	[illegible]										
37 Pharmaceuticals(12)	[illegible]										
38 Tobacco(1)	[illegible]										
40 SERVICES(234)	[illegible]										
41 Distributors(32)	[illegible]										
42 Leisure & Hotels(29)	[illegible]										
43 Media(48)	[illegible]										
44 Retailers, Food(15)	[illegible]										
45 Retailers, General(43)	[illegible]										
47 Breweries, Pubs & Rest.(26)	[illegible]										
48 Support Services(30)	[illegible]										
49 Transport(21)	[illegible]										
60 UTILITIES(36)	[illegible]										
62 Electricity(12)	[illegible]										
64 Gas Distribution(2)	[illegible]										
66 Telecommunications(7)	[illegible]										
68 Water(12)	[illegible]										
69 NON-FINANCIALS(667)	[illegible]										
70 FINANCIALS(106)	[illegible]										
71 Banks, Retail(8)	[illegible]										
72 Banks, Merchant(6)	[illegible]										
73 Insurance(23)	[illegible]										
74 Life Assurance(6)	[illegible]										
77 Other Financial(21)	[illegible]										
79 Property(41)	[illegible]										
80 INVESTMENT TRUSTS(128)	[illegible]										
89 FT-SE-A ALL-SHARE(899)	[illegible]										
FT-SE-A Fledgling	[illegible]										
FT-SE-A Fledgling ex Inv Trusts	[illegible]										

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3854.1	3853.7	3856.9	3853.5	3855.0	3856.6	3853.6	3855.9	3851.9	3858.9	3847.5
FT-SE Mid 250	[illegible]										
FT-SE-A 350	1944.7	1944.4	1946.0	1944.7	1945.4	1944.8	1944.3	1944.8	1945.8	1944.2	1947.1

FT-SE Actuaries 350 Industry baskets

Bldg & Cnstrn	[illegible]
Pharmaceuticals	[illegible]
Water	[illegible]
Banks, Retail	[illegible]

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. "The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. © FT-SE International Limited 1996. All Rights reserved. The FT-SE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. "FT-SE" and "Footsie" are trademarks of the London Stock Exchange and the Financial Times Limited and are used by FT-SE International Limited under licence. Auditor: The WM Company." † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. NAME CHANGE: Benlox Ports now American Port (Fledgling).

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
[illegible]			
Caradon	978	233	-1
Carlton Comms.†	3,300	458	-11½
Chubb	108	376	
Coats Viyella	2,000	198xd	-2½
Comm. Union†	537	582	
Compass	608	547	
Cookson†	3,400	321	-
Courtaulds†	251	448	
Dalgety	1,400	400	-13
De La Rue	369	736	
Dixons†	972	492	-8
East Midland Elect.	498	668	
Electrocomps	969	403	
Eng China Clays	414	365	
Enterprise Oil†	3,300	441	
Eurotunnel Units	885	69	-4¼
FKI	1,200	176	
Foreign & Col. I.T.†	1,100	166	
Gen. Accident†	664	642	
General Elect.†	4,400	358½	
Glaxo Wellcome†	4,500	801	
Glynwed	229	383	
Granada†	2,000	836	
Grand Met.†	2,000	451	
GUS†	1,400	782	
Greenalls†	507	617	
GRE†	1,800	240	
GKN†	676	990	
Guinness†	1,500	474	
HSBC (75p shs)†	989	1007	+7
Hammerson	232	374	
Hanson†	10,000	200½	
Harrisons Crosfield	2,000	145	-2
Hays	618	435xd	+5½
Hillsdown	2,700	186	
Hyder	740	750	-3
IMI	2,400	367	
ICI†	1,900	928	
Inchcape	815	308	
Johnson Matthey	186	593	
Kingfisher†	1,500	585	-2
Kwik Save	34	473	
Ladbroke†	7,700	194	
Land Securities†	2,100	684	
Laporte	126	710	
Legal & General†	1,200	727	
Lloyds Abbey	349	646	
[illegible]			

Based on trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are included. Source: FT Extel.

هكذا من الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 22 / Sch)

BELGIUM/LUXEMBOURG (Apr 22 / Frs.)

CZECH REP (Apr 22 / Koruna)

DENMARK (Apr 22 / Kr)

FINLAND (Apr 22 / Mka)

FRANCE (Apr 22 / Frs.)

GERMANY (Apr 22 / Dm.)

GREECE (Apr 22 / Drachma)

ITALY (Apr 22 / Lira)

NETHERLANDS (Apr 22 / Fls.)

NORWAY (Apr 22 / Kroner)

POLAND (Apr 22 / Zloty)

PORTUGAL (Apr 22 / Escudo)

SPAIN (Apr 22 / Pts.)

SWEDEN (Apr 22 / Kronor)

SWITZERLAND (Apr 22 / Frs.)

TURKEY (Apr 22 / TL Lira)

PACIFIC

JAPAN (Apr 22 / Yen)

AUSTRALIA (Apr 22 / Aust$)

HONG KONG (Apr 22 / H.K.$)

INDONESIA (Apr 22 / Rupiah)

MALAYSIA (Apr 22 / MYR)

NEW ZEALAND (Apr 22 / NZ $)

SINGAPORE (Apr 22 / S$)

SOUTH KOREA (Apr 22 / Won)

TAIWAN (Apr 22 / TW $)

THAILAND (Apr 22 / Baht)

AFRICA

SOUTH AFRICA (Apr 22 / Rand)

NORTH AMERICA

CANADA

TORONTO (Apr 22 / Can $)

4 pm close

MONTREAL (Apr 22 / Can $)

4 pm close

INDICES

	Apr 22	Apr 19	Apr 18	1996 High		1996 Low	
Argentina							
General(29/12/77)	(u)	17528.12	17096.62	18161.58	31/1	16638.61	19/3
Australia							
All Ordinaries(1/1/80)	2287.4	2285.8	2258.6	2323.40	4/3	2187.40	11/3
All Mining(1/1/80)	1078.6	1074.5	1072.7	1085.80	15/4	1004.70	18/1
Austria							
Credit Aktien(30/12/84)	381.60	377.18	376.75	385.85	31/1	352.78	2/1
Traded Index(2/1/91)	1114.99	1102.97	1091.15	1114.99	22/4	976.27	2/1
Belgium							
BEL20(1/1/91)	1727.60	1724.63	1724.94	1756.71	7/3	1574.90	2/1
Brazil							
Bovespa(29/12/83)	(u)	50756.0	50020.0	54166.00	2/2	43601.80	2/1
Canada							
Metals Minls♦(1975)	(u)	5474.11	5409.48	5508.84	16/4	4687.47	18/1
Composite♦(1975)	(u)	5069.57	5058.65	5085.98	16/4	4739.70	15/1
PortfolioS§(4/1/83)	(u)	2447.43	2443.82	2486.57	8/2	2327.39	12/1
Chile							
IGPA Gen♥(31/12/80)	(u)	5492.52	5421.66	5604.53	8/1	5215.28	8/4
Denmark							
CopenhagenSE(3/1/83)	397.06	394.83	394.59	397.06	22/4	368.49	2/1
Finland							
HEX General(28/12/90)	1902.77	1892.21	1887.80	1902.77	22/4	1661.67	10/1
France							
SBF 250(31/12/90)	1435.38	1421.90	1417.34	1435.38	22/4	1258.18	2/1
CAC 40(31/12/87)	2116.54	2092.45	2085.96	2116.54	22/4	1897.85	11/1
Germany							
FAZ Aktien(31/12/58)	900.99	894.60	898.25	901.41	15/4	849.59	2/1
Commerzbank(1/12/53)	2595.3	2577.0	2580.80	2588.38	22/4	2278.20	2/1
DAX‡(30/12/87)	2545.91	2536.52	2535.52	2545.94	15/4	2284.86	2/1
Greece							
Athens SE(31/12/80)	949.91	953.50	950.38	1017.98	4/3	901.14	3/1
Hong Kong							
Hang Seng(31/7/64)	10909.98	10818.49	10909.29	11594.99	16/2	10204.87	2/1
India							
BSE Sens.(1978)	3710.79	(c)	3737.86	3737.86	18/4	2828.08	25/1
Indonesia							
Jakarta Comp.(10/8/82)	628.38	624.53	620.97	628.38	22/4	512.49	2/1
Ireland							
ISEQ Overall(4/1/88)	2513.83	2510.26	2489.74	2513.83	22/4	2234.81	2/1
Italy							
Banca Comm Ital(1972)	645.81	619.94	612.59	645.81	22/4	572.21	23/3
MIB General(3/1/95)	1095.0	1051.0	1039.0	1095.00	22/4	970.80	27/3
Japan							
Nikkei 225(16/5/49)	22123.89	21883.84	21812.50	22123.89	22/4	19734.70	13/3
Nikkei 300(1/10/82)	314.25	310.88	308.51	314.25	22/4	286.48	11/3
Topix(4/1/68)	1696.42	1679.4	1673.31	1696.42	22/4	1524.12	13/3
2nd Section(4/1/68)	2196.10	2186.46	2193.97	2198.10	22/4	1982.78	14/3
Malaysia							
KLSE Comp.(4/4/86)	1174.23	1172.20	1167.28	1174.23	22/4	993.18	2/1
Mexico							
IPC(Nov 1978)	(u)	3284.48	3273.52	3284.48	19/4	2738.36	8/3
Netherland							
CBS TtlRtnGen(End 83)	608.8	603.7	601.3	608.80	22/4	538.58	2/1
CBS All Shr(End 83)	367.5	364.6	363.2	367.50	22/4	326.70	2/1
New Zealand							
Cap. 40(1/7/86)	2142.30	2147.46	2147.83	2280.06	4/1	2044.71	24/1
Norway							
Oslo SE(Ind(2/1/83)	1415.55	1402.37	1394.85	1415.55	22/4	1259.66	30/1
Philippines							
Manila Comp(2/1/85)	2573.87	2957.99	2958.81	3016.68	16/4	2578.97	2/1
Portugal							
BVL 30(4/1/93)	1790.76	1798.21	1805.33	1805.33	18/4	1602.81	2/1
Singapore							
SES All-S'pore(2/4/75)	595.71	598.92	597.20	610.37	5/2	553.88	2/1
South Africa							
JSE Gold(28/9/78)	1863.9♥	1857.2	1861.6	1917.90	7/2	1346.40	2/1
JSE Ind.(28/9/78)	8610.5♥	8476.3	8370.5	8739.30	25/1	8006.48	2/1
South Korea							
KoreaCmpEx**(4/1/80)	950.60	948.37	936.89	950.60	22/4	836.87	13/3
Spain							
Madrid SE(30/12/85)	357.93	355.79	351.63	357.93	22/4	323.75	11/1
Sweden							
AffarsvarldenGen(1/2/37)	1949.5	1923.1	1897.6	1949.50	22/4	1706.90	22/1
Switzerland							
Swiss Bk Ind(31/12/58)	1767.84	1751.45	1745.86	1767.84	22/4	1516.19	17/1
SBC General(1/4/87)	1252.48	1238.65	1231.96	1252.48	22/4	1114.47	26/1
Taiwan							
WeightedPr.**(30/6/66)	6052.85	5945.87	5942.80	6122.48	15/4	4698.22	6/2
Thailand							
Bangkok SET(30/4/75)	1295.22	1318.38	1331.14	1415.04	6/2	1247.79	13/3
Turkey							
Istanbul Cmp.(Jan 1986)	64151.4	66360.1	66612.9	72866.80	8/4	38778.38	2/1
WORLD							
MS Capital Intl(1/1/70)	772.8*	767.6	762.9	772.80	22/4	725.98	15/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1881.77	1855.01	1849.21	1881.77	22/4	1504.40	11/1
Euro Top-100(26/6/90)	1458.08	1441.37	1429.64	1458.08	22/4	1332.01	11/1
HSBC JC Drgn(31/12/88)	(u)	380.04	381.02	383.18	16/4	344.18	2/1
ING Brngs Emrg(7/1/92)	163.55	162.44	161.77	163.65	22/4	142.35	2/1

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (200 x Index) (Apr 4)							
Apr	2106.0	2121.0	+22.0	2129.0	2101.0	18,925	28,627
May	2088.5	2110.5	+22.0	2112.0	2088.5	4,715	11,915
DAX							
Jun	2557.0	2548.0	+9.0	2557.5	2545.0	14,018	-
Sep	2575.0	2567.0	+12.0	2575.0	2564.5	92	-
OMX							
Apr	1505.00	1525.00	+27.00	1525.00	1500.00	5,132	14,192
May	1495.00	1515.50	+28.75	1515.50	1485.00	2,138	5,727
SOFFEX							
May	3632.0	3651.0	+36.0	3657.5	3630.0	4,482	17,254
Jul	3610.0	3636.0	+48.0	3620.0	3610.0	5	2,338

** Sat Apr 20: Taiwan Weighted Price 5927.52; Korea Comp Ex 941.89. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL 30, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Apr 22 - 2549.27 +13.41

US INDICES

Dow Jones	Apr 19	Apr 18	Apr 17	1996 High	1996 Low	Since compilation High	Since compilation Low
Industrials	5535.48	5551.74	5549.93	5689.74	5032.94	5689.74	41.22
				(3/4)	(10/1)	(3/4/96)	(2/7/32)
Home Bonds	102.49	102.46	102.48	108.09	101.98	109.77	54.99
				(14/2)	(11/4)	(18/10/93)	(1/10/81)
Transport	2209.36	2221.05	2201.08	2221.86	1882.71	2221.86	12.32
				(18/4)	(18/1)	(18/4/96)	(8/7/32)
Utilities	207.38	207.94	208.29	234.80	208.40	258.46	10.50
				(12/2)	(11/4)	(31/8/93)	(8/4/32)

DJ Ind. Day's high 5593.64 (5600.51) Low 5504.41 (5493.93) (Theoretical♦)
Day's high 5572.33 (5584.38) Low 5518.86 (5523.19) (Actual♦)

Standard and Poors	Apr 19	Apr 18	Apr 17	1996 High	1996 Low	Since compilation High	Since compilation Low
Composite‡	645.07	643.61	641.61	661.45	598.48	661.45	4.40
				(12/2)	(10/1)	(12/2/96)	(1/6/32)
Industrials♥	764.63	763.29	760.88	778.23	702.07	778.23	3.62
				(22/2)	(15/1)	(22/2/96)	(21/6/32)
Financial	64.67	64.90	64.59	68.56	58.87	68.56	8.64
				(5/3)	(10/1)	(5/3/96)	(1/10/74)
NYSE Comp.	346.40	345.39	344.56	351.92	321.41	351.92	4.46
				(4/4)	(10/1)	(4/4/96)	(25/4/42)
Amex Mkt Val	585.88	583.06	580.36	585.88	528.05	585.88	29.31
				(19/4)	(18/1)	(19/4/96)	(9/12/72)
NASDAQ Cmp	1138.70	1136.30	1120.87	1138.70	988.57	1138.70	54.87
				(19/4)	(15/1)	(19/4/96)	(31/10/72)

■ RATIOS

	Apr 19	Apr 12	Apr 5	Year ago
Dow Jones Ind. Div. Yield	2.17	2.17	2.11	2.57
	Apr 17	Apr 10	Apr 3	Year ago
S & P Ind. Div. yield	1.90	1.92	1.86	2.27
S & P Ind. P/E ratio	21.13	20.83	21.43	18.06

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
AMR Corp	10,205,400	80¾	-2⅞
EMC	8,855,400	18⅝	-2¼
Tel De Mex	7,635,900	37⅜	+⅛
Bay Network	4,877,300	30⅛	+1⅝
IBM	4,871,700	105⅝	...
Wal-Mart	4,722,700	22⅝	+⅞
McDonalds	3,977,600	46⅛	-¼
AT & T	3,918,200	61⅛	+⅜
K Mart	3,896,900	9⅝	...
Grupo Tele	3,641,700	32⅝	+1¼

■ TRADING ACTIVITY

● Volume (million)

	Apr 19	Apr 18	Apr 17
New York SE	422.431	413.378	443.622
Amex	275.849	251.607	273.437
NASDAQ	809.948	597.936	594.450
NYSE			
Issues Traded	3122	3,129	3,128
Rises	1390	1,290	970
Falls	915	968	1,337
Unchanged	817	871	821
New Highs	110	104	102
New Lows	11	9	18

	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Jun	646.90	652.05	+5.00	652.05	646.90	61,818	177,831
Sep	656.80	657.45	+5.00	657.45	656.80	216	5,968
	Open	**Sett price**	**Change**	**High**	**Low**	**Est. vol.**	**Open int.**
■ Nikkei 225							
Jun	21990.0	22240.0	+300.0	22240.0	21980.0	24,536	264,001
Sep	22200.0	22200.0	+240.0	22200.0	22200.0	1	13,011

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ♦ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Monday, April 22, 1996

	Stocks Traded	Closing Prices	Change on day
Sumitomo Mtl Ind	7.7m	339	+7
Sanyo Electric	6.9m	669	+13
NKK Corp	6.0m	332	+9
Nippon Stl Corp	5.3m	378	+5
Godo Shusei	4.6m	868	+29
Nichiboshin	4.3m	245	+50
Okura & Co	4.3m	850	-30
Mitsubishi Hvy	4.2m	841	+11
Toshiba Corp	3.6m	827	+7
Hodogaya Chem	3.5m	521	+46

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1996. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

4 pm close April 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1996 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
22¼	19⅛	AAR	0.48	2.4	21	103	19⅞	19½	19¾	+⅛
44¾	36½	AMP	1.00	2.3	22	3528	44	43½	43⅞	+¼
94	69	AMR			22	9767	92	91	91	+⅛
50½	37¾	ASA	2.00	4.4	28	592	45¼	44¾	45⅛	+¼
44¾	38⅛	AbbtL	0.96	2.3	18	6767	42¼	41⅞	41⅞	-⅜
17¼	13¾	Abitibi Pr	0.40	2.6	7	2106	15⅜	14⅞	15⅜	+½
35⅛	27	ACM Ind x	0.78	2.1	17	14	33⅜	33¼	33¼	-⅛
15⅝	13⅞	Acptncain			55	91	u15⅞	15½	15⅝	-⅛
68⅞	37¾	ACE Ltd	0.56	1.3	10	1314	44¾	43⅞	44½	+⅝
9⅞	9⅛	ACM Gvt In	0.90	9.1	8	232	u9⅞	9¾	9⅞	
7⅞	6¾	ACM GvOpp	0.66	9.4		368	7⅛	7	7	
7¼	6½	ACM Gvt Sp	0.75	11.1		496	6¾	6⅝	6¾	
9⅛	8¼	ACM Gvt Su	0.90	10.1		605	8⅞	8⅝	8⅞	+⅛
9½	8⅞	ACM Man	0.90	9.6		212	9⅜	9¼	9⅜	+⅛
31⅜	17¼	AcmeCtr	0.52	1.7	7	102	30½	30¼	30⅜	-⅛
9¼	6⅛	Acme Elect			69	694	8⅝	7⅜	8¾	+1⅜
31¾	27¾	Acordia	0.72	2.3	17	2	31⅝	31⅝	31⅝	+⅛
15⅞	12	Acuson			47	208	15¼	15⅛	15¼	+⅛
19½	18⅛	Adams Expr	0.40	2.5	6	230	18⅞	18¾	18⅞	
21¼	16⅛	AdvMic			7	3718	17⅝	17⅛	17⅜	+⅛
11	8½	Advest Grp	0.16	1.5	10	368	u11	10¾	10⅞	+⅛
28⅛	9⅛	Advo Inc	0.10	1.0	10	606	10¼	9⅞	10¼	+⅛
49½	41⅛	Aegon	1.23	2.5	15	32	48¾	48¼	48½	-⅛
5⅛	3½	Aeroflex			9	1018	4⅞	4⅝	4⅞	+⅛
78¾	66⅞	AetnaL	2.76	3.9	34	14172	71½	70	71½	+1½
33	28¼	Aflac	0.40	1.3	13	855	30½	29⅞	30⅜	-⅛
20⅜	17½	AGL Res	1.06	5.7	16	510	18⅞	18½	18¾	+⅛
26¾	21¾	Ahmanson	0.88	3.7	6	3674	24⅛	23¾	23⅞	+⅛
59¼	50⅜	AirPrC	1.04	1.8	17	1166	58½	57⅝	57¾	-⅛
28⅞	23½	Airborne Frt	0.30	1.2	24	1253	26	25⅜	25¾	+⅜
22⅞	15½	Airgas Inc			37	687	22⅛	21¾	22	
18⅞	15	Airlease	2.00	12.3	11	77	16¼	16⅛	16¼	

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4 pm close April 22

NYSE COMPOSITE PRICES

Continued from previous page

1996 High	1996 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
87¼	65⅞	Schlmb	1.50	1.8	30	6671	86¼	83⅞	84⅝	+1⅞
25⅞	7¾	Schlr			11	1036	8⅜	d7⅞	8⅜	+¼
27⅞	18⅝	Schwab(C)	0.16	0.7	22	3098	23	22⅝	22¾	+⅛
28⅞	22¾	SchwMaud			14	365	28	27¾	27⅞	
19½	13⅛	SciAtl	0.06	0.3	41	7612	19⅛	18⅞	18¾	+⅝
18⅝	17	Scotmen	0.10	0.6	11	188	18⅛	18	18⅛	-⅛
43½	38½	Scripps	0.52	1.2	25	735	43¼	42	42	-1
18⅛	14½	ScudderNewF	0.02	0.1		172	18¼	18	18⅛	+¾
12½	11	ScudderNEuF	0.16	1.3		188	12⅜	12⅛	12¼	
18	16	SeaCntB	0.70	4.0	2	22	17⅜	17¼	17⅜	+⅛
16	15⅛	SeaC1.4625	1.46	9.7		2	15⅛	d15⅛	15⅛	
67¾	44¾	S'gate			10	17500	58⅜	55⅛	56	-1⅝
38⅞	31¾	Seagrm	0.60	1.8	22	4127	33	32½	32⅝	-⅛
24⅛	17⅛	Seagull En			15	1298	23⅝	23⅛	23⅜	-¼
35¼	28	Sealed Air			25	241	34⅝	33⅞	34⅝	+½
53¼	38¼	SearsR	0.92	1.8	14	8486	51½	50⅝	50⅞	-½
22¼	19¼	SecCapSB	1.24	5.9	24	377	20⅞	20¾	20⅞	
13	11⅞	Seligm Sel x	0.84	6.9		128	12¼	12	12¼	+⅛
23¾	13⅝	Sensormat	0.22	1.0	75	2710	21⅜	21	21¼	-⅜
35⅝	29½	SequaA	0.60	1.7	61	11	34⅞	34⅞	34⅞	
41⅝	39	SequaB	0.50	1.2	72	7	41¼	41	41¼	+½
52	38⅞	ServCp	0.48	0.9	28	4032	51⅛	50⅜	51	+⅝
33½	29⅛	SvMstr x	0.96	3.0	14	336	31⅞	31⅜	31⅝	-⅜
6	4½	SvcMerch			10	3068	6⅛	5⅛	5¾	+⅛
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1996 High	1996 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
30⅜	24⅛	TeleDa	0.93	3.7	2	3294	24⅞	24¾	24⅞	+⅛
37	24	Teldyn	1.50	4.2	12	1827	36⅝	36⅛	36⅛	-¼
50½	42¼	TelefonSA	1.37	2.7	18	1561	u50½	50¼	50⅜	+⅝
38¼	28¼	Telmex	0.92	2.5	12	38119	37⅞	36¼	37⅛	-¼
49⅝	39⅞	Templnl	1.20	2.5	10	995	49⅝	48¼	48¼	
21⅞	18½	TempltnEmMk	0.27	1.3		525	20¾	20¼	20⅝	+⅛
7¾	6¾	TempltnGlob	0.60	8.6		48	7⅛	7	7	
7½	6⅞	TempltnGlFd x	0.60	8.7		951	7	6⅞	6⅞	
58½	47⅝	Tenneco	1.80	3.3	13	1635	54⅞	54⅛	54⅞	+⅛
37⅞	34⅞	Teppco Pts	0.28	0.7	11	117	37½	37¼	37⅜	
27⅝	16	Teradyne				82863	19⅛	18⅝	18⅝	+⅜
7½	4⅛	Terex	0.06	0.9	2	521	6⅞	6⅝	6⅞	+⅛
14¼	11	Terra Inds	0.12	1.0	5	1109	12⅝	12½	12⅝	-⅛
11⅛	8	Tesoro			4	2101	11	10⅝	10⅞	-⅛
85¼	75½	Texaco	3.20	3.8	32	8920	84⅜	82⅞	83⅞	-¼
89¼	50¼	Texas Ind	0.40	0.6	10	117	84⅜	84	84⅜	+¼
56⅛	42¾	TxInst	0.68	1.2	10	11888	55¾	54⅝	55⅜	+⅛
32½	25⅞	Texas Pac	0.40	1.4	23	22	29½	28⅝	28⅝	-¼
42⅞	38½	TxUtil	2.00	5.1	64	4787	39¾	39⅛	39⅛	-¼
3	2½	Textil Inds	1.10	41.9	2	41	2⅝	2⅝	2⅝	
88	69⅛	Textron	1.78	2.0	15	1545	87⅞	85¾	87⅝	+1½
5½	4	Thackeray			57	5	4	d4	4	
17	13¾	Thai Cap	1.80	12.8		390	14⅞	14⅝	14⅞	+⅛
27¼	21⅝	Thai Fund	0.11	0.4		221	24½	24⅛	24½	-¼
83⅛	45⅞	ThermoElec	0.12	0.2	35	678	60½	60	60	
44⅝	32⅞	Thiokl	0.68	1.6	12	556	43⅜	42⅞	42⅞	+⅜
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AMEX COMPOSITE PRICES

4 pm close April 22

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NASDAQ NATIONAL MARKET

4 pm close April 22

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AMERICA

Dow climbs on merger and earnings news

Wall Street

Merger activity, a spate of healthy earnings reports and stronger bond prices combined to help US shares advance in midsession trading, *writes Lisa Bransten in New York.*

Blue chip shares in the Dow Jones Industrial Average rose more than 50 points in the first 15 minutes of trading as the index's three energy companies, Chevron, Exxon and Texaco, all reported stronger than expected first-quarter earnings. All three jumped at the opening only to fall into negative territory by early afternoon. Chevron was off $⅝ at $55⅝, Exxon was $⅛ lower at $81⅞ and Texaco was losing $¾ at $83⅝.

Those losses brought the Dow off its high for the session, but at 1pm it was still 31.07 stronger at 5,566.55. The Standard & Poor's 500 rose 4.23 to 649.30 and the American Stock Exchange composite added 1.09 at 586.97. Volume on the NYSE was 216m shares.

A merger between Bell Atlantic, up $2¼ at $67⅛, and Nynex, off $2⅝ at $50¼, that would create the second largest telephone company in the US also helped boost some shares in the communications sector amid speculation about more merger activity. Ameritech added $1 at $59⅝, Bell South was $⅝ stronger at $40 and US West Communications Group gained $⅝ at $32⅝.

The bond market built on Friday's upward momentum to post gains ahead of this week's auctions of two-year and five-year notes. Near midday the benchmark 30 year bond was more than ⅝ of a point stronger, sending the yield down to 6.719 per cent.

The Nasdaq climbed another 12.05 into record territory, bringing the technology-weighted index to 1,150.75 as technology shares continued the upward march begun last week. The Pacific Stock Exchange technology index was 1.3 per cent higher.

StrataCom was one of the biggest gainers in the high-technology sector on news that it had agreed to be acquired by Cisco Systems in a deal valued at about $4bn. Shares in the manufacturer of network computer systems jumped $9 or 23 per cent to $47¾, while Cisco dipped $1⅛ to $46⅝.

Other rising technology companies included Microsoft, up $3¼ at $113, and Intel, $1⅞ stronger at $67.

Canada

Toronto explored record territory in midsession trade, propelled higher by strong company earnings, and the TSE 300 composite index was 19.13 ahead by midday at 5,088.70 in hefty turnover of 51.9m shares. The market achieved its record closing peak last Tuesday when the index stood at 5,085.86.

MVP Capital, a mining finance company traded as a penny stock, added ½ cent at 6½ cents in hefty volume of more than 15m shares.

Shares in Laidlaw moved forward 25 cents to C$14.15 after the waste and transport group said that it would acquire Scotts Hospitality. Scotts picked up to a high of C$13.40 in morning trade before easing back to stand unchanged at C$13.20 at noon.

Lima rises by 3%

Lima jumped more than 3 per cent in early trade on a wave of buying by local and foreign investors expecting an imminent accord between Peru and the International Monetary Fund. The general index was up 3.3 per cent to 1,255.4.

MEXICAN stocks lost their opening gains and were lower by mid-morning on profit-taking. The IPC index of leading shares was off 11.44 at 3,273.04.

Trading volume was weak at 7.5m shares.

Traders suggested that the market was consolidating from its advance last week, but with the overall tone remaining positive.

Both SAO PAULO and BUENOS AIRES were relatively unmoved. In the former the Bovespa was up 456 at 51,215, while the latter's Merval index gained 8.5 at 562.22.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1996	Start of 1996	Start of 1996
Austria	+2.46	+4.03	+9.59	+12.81	+9.55	+7.09
Belgium	+0.84	+3.91	+20.87	+5.73	+2.84	+0.54
Denmark	+0.94	+3.64	+19.72	+8.00	+5.41	+3.05
Finland	+4.29	+0.96	-8.96	+6.17	-0.77	-3.00
France	+1.05	+5.63	+14.00	+14.16	+11.78	+9.27
Germany	+0.53	+0.75	+26.87	+10.62	+7.57	+5.16
Ireland	+4.13	+7.41	+31.45	+10.67	+10.88	+8.49
Italy	+2.18	-6.75	+1.16	+4.12	+7.76	+5.35
Netherlands	+0.20	+3.51	+32.80	+11.82	+8.67	+6.23
Norway	+1.30	+4.57	+19.83	+9.89	+9.39	+6.93
Spain	+0.07	+5.99	+33.82	+11.35	+10.21	+7.74
Sweden	+2.52	-0.27	+29.42	+11.66	+13.02	+10.46
Switzerland	+1.50	-0.46	+43.84	+9.56	+5.51	+3.14
UK	+2.37	+4.13	+21.82	+5.35	+5.35	+2.99
EUROPE	+1.67	+3.26	[illegible]	+8.65	+7.30	+4.89
Australia	+0.73	+1.19	+8.83	+1.75	+9.44	+6.98
Hong Kong	-0.13	-1.53	+25.07	+10.07	+12.55	+10.03
Japan	+0.33	+5.19	+27.83	+6.34	+3.91	+1.58
Malaysia	+2.25	+2.05	+20.19	+18.18	+20.90	+18.18
New Zealand	-0.38	-2.43	-2.46	-1.38	+5.69	+3.51
Singapore	+0.66	+0.41	+24.76	+8.85	+11.82	+9.31
Canada	+1.03	+2.69	+17.51	+7.94	+10.55	+8.06
USA	+1.41	-0.92	+27.47	+4.72	+7.13	+4.72
Mexico	+4.65	+9.72	+75.56	+22.01	+29.74	+26.82
South Africa	+5.19	+5.07	+25.94	+13.66	-0.68	-2.91
WORLD INDEX	+1.24	+1.74	+25.54	+6.30	+8.76	+4.39

† Based on April 19 1996.

EUROPE

Olive Tree election victory drives Milan up 4%

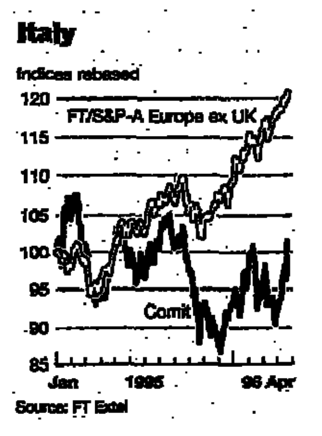
The unexpected margin of victory of the centre-left Olive Tree coalition in Sunday's general election provided the market with its preferred outcome and MILAN jumped more than 4 per cent in response.

The Comit index rose 25.87 to 645.81 and the real-time Mibtel index jumped 490 to 10,422. Turnover was around L1,850bn as strong demand was reported from London and the US.

Analysts commented that the Olive Tree alliance was regarded as fiscally responsible and was likely to continue with the privatisation programme.

The personalities close to the *centre left had a track record* in government and were trusted by the markets. Moreover, they enjoyed the confidence of both the employers and trade unions. Some analysts cautioned against euphoria, however, noting that the centre left would have to rely on the Communist Refoundation party for support in the lower house.

Developments yesterday raised hopes of a reduction in interest rates soon, although some analysts believed that it would not come before the new government was in place.



Source: FT Extel

Fiat and the telecommunications stocks, traditional favourites with foreign investors, were sharply higher. Fiat rose *L343 to L5,733, while Telecom* Italia advanced L233 to L2,984. Eni, the energy giant, was L287 up at L6,585.

Montedison was suspended as the company announced a capital writedown for L1,380bn. Ferruzzi, the financial holding company that controls Montedison, lost L19 to L808.70.

FRANKFURT had a relatively quiet session, although the Dax closed at another record high on a firm dollar and bunds. The index made 9.39 to 2,545.91 and the Ibis went to 2,549.27. Dealers said investors were feeling positive after last week's rate cut.

Continental hardened 34 pfgs to DM27.29 after announcing that it was increasing its 1995 dividend.

PARIS was encouraged by hopes of a rate cut from the central bank later in the week and the market accordingly moved higher.

The CAC-40 index rose 24.09 or 1.2 per cent to 2,116.54 in turnover of FFr5.5bn.

Eurotunnel was one of the leading stories after the cross-Channel operator reported a *very heavy 1995 loss but tem*pered this by forecasting that its financial situation should improve as soon as a deal was struck with its creditor banks. The stock eased 20 centimes or 3.6 per cent to FFr5.45.

The company said debt restructuring talks were making progress and could be completed by the summer. The group has a large number of retail investors, with estimates that some 80 per cent live in France.

AMSTERDAM broke into fresh territory and the AEX index put on 5.67 at 552.33.

FT-SE Actuaries Share Indices

Apr 22							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1672.69	1675.77	1675.51	1677.67	1679.12	1681.69	1681.96	1681.77
FT-SE Eurotrack 200	1732.65	1733.20	1732.36	1729.05	1736.43	1737.53	1738.06	1737.29
	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15			
FT-SE Eurotrack 100	1655.01	1649.21	1648.85	1652.07	1651.24			
FT-SE Eurotrack 200	1719.89	1708.74	1708.59	1713.18	1709.90			

Base value 1000 (26/10/90) High/day: 100 - 1683.82; 200 - 1738.15 Low/day: 100 - 1672.69 200 - 1726.76 † Partial.

Philips, which said it planned to list ADRs for its Taiwan semiconductor division on Wall Street, ended 10 cents lower at Fl 61.30. DSM made Fl 3.60 to Fl 171.80 after announcing plans to co-operate with BASF, of Germany, on polyester production.

Hoogovens lost 20 cents at Fl 63.90, but having rebounded from a low of Fl 63.30 following brokers' downgrades. KNP BT added 60 cents at Fl 43.90 ahead of Thursday's first-quarter earnings.

ZURICH drew strength from a surge in government bond futures and a firming dollar to rise 1.2 per cent as interest rate-sensitive banks and insurers led the way, taking advantage of the positive interest rate outlook. The SMI index gained 45.1 at 3,673.2.

Swiss Re rose SFr31 to SFr1,334 as investors bought the stock ahead of Thursday's news conference. UBS bearers jumped SFr27 to SFr1,239.

COPENHAGEN closed at a 1996 peak after the KFX Top 20 index finally surmounted a technical barrier at 113.40 at the fifth attempt. The index firmed 0.77 to 113.55.

Copenhagen Airports was at the centre of attention on the *final day of the government's* sell-off of a further 24 per cent tranche, leaving it with a 51 per cent stake. The issue was oversubscribed, with the stock closing DKr22 up at DKr542.

OSLO finished at an all-time, with the Total index finally 7.57 stronger at 813.54. Hafslund Nycomed A shares moved forward NKr5.50 to NKr185.50 as the company reported that its third generation X-ray contrast agent had been approved for marketing in the US.

STOCKHOLM advanced to a record high as bond yields fell, the local currency strengthened and Astra recovered after recent losses. The Affärsvärlden index rose *26.4 to* 1,949.5.

Astra picked up SKr6.5 to SKr307.5 and Pharmacia & Upjohn climbed SKr8 to SKr270.

BUDAPEST rose to a record high for the second successive session and the *BUX index* ended up 33.68 at 2,619.00. Turnover was Ft805.6m, easing from Friday's Ft957.1m.

ISTANBUL dived 3.3 per cent as political uncertainties and a forthcoming extended religious holiday put a brake on the inflow of cash. The composite index fell 2,208.70 to 64,151.48. Volume shrank to TL4,870bn from Friday's *TL6,050bn.*

WARSAW hit its highest level since August 1994 and there was a feeling that the index could continue to move forward.

The Wig index rose 199.8 or 1.7 per cent to 12,140.7 and turnover eased 1.8 per cent to 139.9m zlotys as 55 issues rose, 10 fell and eight were flat.

Written and edited by Michael Morgan and John Pitt

ASIA PACIFIC

Nikkei breaches 22,000 level to end at four-year high

Tokyo

Purchases by pension funds, and the expectation of demand from investment trusts later in the week, boosted investor confidence and the Nikkei average closed above the 22,000 level for the first time since February 1992, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 put on 240.05 or 1.1 per cent to end at the day's high of 22,123.89. After opening at the day's low of *21,912.68 the index received* support from the dollar's rise against the yen following comments by finance ministers and central bank governors from the Group of Seven nations reaffirming their support for the dollar's strength.

Volume was 482m shares, against 496m. Although buying by overseas investors eased, domestic institutions continued to purchase large-capital steels and shipbuilders. Expectations of increased buying by new investment trust funds later this week also provided appetite for shares. Traders said that at the afternoon opening, buying orders placed by domestic institutions totalled 400m shares against sell orders for 50m.

The Topix index of all first section stocks rose 17.02 or 1 per cent to 1,696.42 and the Nikkei 300 gained 3.37 at 314.25. Advances led declines by 748 to 325, with 157 issues unchanged.

In London the ISE/Nikkei 50 index eased 0.45 to 1,475.83.

The dollar's strength helped marine transport stocks: Nippon Yusen rose Y14 to Y648 on reports that its recurring profit for the year to March had risen 67 per cent. Mitsui OSK Lines climbed Y11 to Y377.

Banks were chased as Bank of Tokyo Mitsubishi gained *Y50 at Y2,400 and Fuji Bank* Y80 at Y2,240. Yasuda Trust and Banking closed Y6 up at Y678 after plunging in the morning due to the bank's losses at its Hong Kong unit. Standard & Poor's, the US credit agency, downgraded the bank's long term debt to BBB minus from BBB.

Large-capital steels and shipbuilders rose: Sumitomo Metal Industries, the day's most active issue, added Y7 at Y339 and Mitsubishi Heavy Indus*tries Y11 at Y941.*

Profit-taking eroded electric wire makers, which gained ground last week on hopes of increased capital spending by companies. Mitsubishi Cable Industries fell Y13 to Y670.

In Osaka, the OSE average moved up 198.37 to 23,454.42 in volume of 99.9m shares.

Roundup

Reports that foreign funds may issue warrants on steel and China-concept shares, stocks that reflect companies which have investments or investment plans in China, propelled TAIPEI sharply higher.

The weighted index made 125.33 or 2.1 per cent to 6,052.85, off a 6,058.00 high. Turnover was T$67.7bn.

Steels led the gains by rising 4.5 per cent, with China Steel up T$1.10 to T$26.50. President Enterprises, Taiwan's largest investor in China, surged T$1.60 to T$38.30.

Financials rose 2.1 per cent, with Fubon Insurance appreciating T$6 to T$105 and Shin Kong Life up T$7.50 to T$115.

SEOUL returned to a high for the year, after Saturday's correction, and the composite index finished 8.92 better at 950.61 with telecommunications shares leading the way.

Volume was high, with 57.2m shares changing hands.

Telecommunications issues were sharply higher on the prospect of expanding business opportunities from government projects, such as the development of personal communication services. Korea Mobile Telecom rose Won39,000 to Won699,000 and Dacom by Won7,000 to Won130,000.

Construction shares were in demand on news that Dong Ah Construction had secured *$10bn worth of pipeline orders* from Libya. Dong Ah firmed Won600 to Won31,400.

Takeover speculation, after Ford's move on Mazda, took Kia Motors limit-up, rising Won1,000 to Won18,800.

HONG KONG posted a solid gain on a technical rebound and some futures-led buying, and the Hang Seng index finished 91.49 ahead at 10,909.98, *but off a high of 10,989.24, in*turnover of HK$4bn.

Analysts said the Hang Seng's successful test of support at 10,800 last Friday set the stage for the rebound. They added that some positive comments from US officials on the renewal of China's Most Favoured Nation status in the US had improved local sentiment.

HSBC rose HK$2 to HK$116 amid talk about a possible call warrant issue on HSBC Holdings by UBS Securities.

Property shares were favoured after last week's profit-taking. Cheung Kong rose 75 cents to HK$54.25 and Hang Lung 40 cents to HK$14.55.

SYDNEY had a highlight in Australis Media, the pay television company, which had been suspended from trade since March 29, and announced late on Friday that it had secured an A$200m funding lifeline *from a consortium.* The All Ordinaries index rose 1.6 to 2,267.4 and volume was 280.1m shares worth A$572.1m. Australis was up 8 cents at 65 cents after touching 69 cents.

Allstate Explorations leapt 44 cents to A$1.50, buoyed by a takeover bid announced after the market shut on Friday from Beaconsfield Gold.

BANGKOK slipped 1.7 per cent on moderate trade amid investor worries that earnings by major banks during the first *quarter may be below expecta*tions. The SET index fell 23.16 to 1,295.22 in Bt4.8bn turnover.

Investors see lower 1996 bank earnings after Thai Farmers Bank, the second largest Thai bank, said its unaudited first-quarter net profits rose 11.9 per cent. Dealers said investors were worried that earnings by Bangkok Bank and Siam Commercial Bank would *also fall below expectations.*

National Finance and Securities topped the active list and shed Bt13 to Bt121. Bangkok Bank lost Bt4 at Bt246 and Thai Farmers Bt2 at Bt195.

SINGAPORE saw much of the day's activity in Malaysian shares, traded over the counter, while a late loss in Keppel pushed the Straits Times Industrial index well into negative territory after hovering around 2,400 for most of the day. The index ended *20.37 off at 2,378.96 as a 70-cent* fall in Keppel to S$12.20 was attributed to funds reassessing valuations of companies after the results season.

BOMBAY began on a strong note before a heavy bout of profit-taking reversed the early gains. The BSE-30 index finished 27.07 weaker at 3,710.79, off an early high of 3,809.49.

South Africa at new peak

The overall index moved to a record close in brisk trading on blue-chip buying as a steady rand triggered renewed confidence. Dealers said domestic institutions dominated trade, while foreigners put good orders into the market after a cautious start.

The overall index climbed through the 7,000 mark for the first time, ending 97.5 higher at 7,070.2. Shortly before the close industrial shares slipped from their peak, but this still left the index 134.3 stronger at 8,610.5. The gold shares index moved forward 6.7 to 1,983.9.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY APRIL 19 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY APRIL 18 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (80)	203.30	0.2	198.50	137.48	158.14	172.88	0.3	3.93	202.67	199.50	137.81	158.48	172.02	205.73	182.68	174.39
Austria (25)	186.90	1.4	182.56	126.57	146.21	146.18	1.0	1.92	184.25	181.19	125.18	144.84	144.67	199.28	168.11	189.58
Belgium (29)	210.25	0.5	205.40	142.17	164.59	160.49	0.2	4.13	209.20	205.71	142.12	164.49	160.19	215.81	186.08	192.80
Brazil (28)	155.44	1.3	151.84	105.10	121.57	283.84	1.5	1.41	153.40	150.95	104.21	120.59	278.28	170.25	119.91	118.81
Canada (99)	160.41	0.0	156.70	108.46	125.57	158.24	0.1	2.37	160.46	157.62	109.02	126.16	158.12	161.59	134.14	135.67
Denmark (33)	297.57	0.7	290.98	201.20	232.93	235.05	0.2	1.91	295.54	290.65	200.77	232.33	234.80	305.17	268.38	259.70
Finland (24)	181.45	0.1	177.28	122.60	142.04	181.00	0.2	1.54	181.24	178.29	123.12	142.47	180.75	278.11	171.73	188.27
France (97)	196.08	0.9	191.51	132.55	153.46	157.12	0.4	3.05	194.53	191.30	132.15	152.92	156.50	198.88	167.70	162.83
Germany (58)	172.14	0.5	168.18	116.39	134.75	134.75	0.0	1.84	171.34	168.50	116.40	134.70	134.70	174.38	149.48	151.10
Hong Kong (56)	428.57	-0.1	418.71	289.44	335.32	423.91	-0.2	3.23	429.63	422.79	292.06	337.96	426.35	451.19	323.87	341.23
Ireland (16)	277.30	1.5	270.79	187.43	216.99	249.04	1.0	3.23	273.10	268.56	185.52	214.89	246.62	277.20	220.31	223.35
Italy (59)	77.64	1.7	75.84	52.49	60.77	90.93	1.4	2.14	76.32	75.05	51.84	59.99	89.93	82.71	67.22	70.30
Japan (481)	157.36	0.9	153.74	106.41	123.19	106.41	1.0	0.71	155.99	153.40	105.97	122.62	105.57	164.82	137.79	162.41
Malaysia (107)	573.34	0.6	560.08	387.66	448.81	551.15	0.4	1.28	570.30	560.83	387.42	448.32	548.77	573.34	425.77	482.90
Mexico (18)	1313.61	1.2	1283.23	888.18	1028.29	10646.10	0.8	1.28	1297.87	1276.41	881.75	1020.36	10559.03	1313.61	791.99	905.41
Netherland (19)	289.72	0.8	283.02	195.89	226.79	222.72	0.4	3.17	287.51	282.74	195.32	226.02	221.87	291.80	237.16	242.31
New Zealand (15)	82.46	0.0	80.55	55.75	64.55	63.80	-0.2	4.29	82.47	81.10	56.03	64.83	63.92	85.48	76.26	82.70
Norway (33)	247.31	0.9	241.59	167.22	193.59	217.96	0.5	2.38	245.05	240.98	166.47	192.64	216.88	247.31	215.04	219.28
Singapore (44)	445.15	0.0	434.85	300.98	348.46	289.94	0.0	1.51	445.27	437.87	302.48	350.03	289.01	465.21	355.81	360.70
South Africa (45)	374.12	0.8	365.47	252.95	292.86	348.96	1.2	2.06	371.06	364.89	252.07	291.69	344.66	437.76	338.91	353.11
Spain (37)	177.97	1.8	173.85	120.33	139.31	169.07	1.3	3.26	174.89	171.98	118.81	137.48	166.90	177.97	134.79	135.62
Sweden (48)	344.80	2.1	336.82	233.13	269.90	341.69	1.5	2.33	337.69	332.06	229.40	265.48	336.90	352.28	241.23	244.40
Switzerland (39)	243.40	1.1	237.77	164.57	190.54	184.45	0.5	1.54	240.79	236.78	163.57	189.29	183.46	252.34	184.11	185.22
Thailand (46)	180.06	-1.6	175.90	121.75	140.95	178.63	-1.7	1.85	183.08	180.04	124.37	143.92	179.77	193.85	134.53	134.53
United Kingdom (202)	237.43	1.6	231.93	160.53	185.85	231.93	0.9	3.95	233.71	229.83	158.77	183.73	229.83	237.43	207.42	207.62
USA (627)	263.11	0.2	257.03	177.90	205.96	263.11	0.2	2.20	262.48	258.12	178.31	206.34	262.48	269.11	206.41	208.41
Americas (772)	240.67	0.2	235.01	162.66	188.32	202.19	0.2	2.19	239.98	235.99	163.02	188.65	201.67	245.54	189.09	189.09
Europe (722)	210.70	1.2	205.82	142.46	164.93	184.60	0.7	2.99	208.21	204.76	141.44	163.68	183.36	210.70	180.30	181.16
Nordic (135)	295.03	1.5	288.21	199.48	230.95	257.15	1.0	2.32	290.68	285.83	197.45	228.49	254.59	297.48	233.21	236.10
Pacific Basin (832)	170.41	0.7	166.47	115.22	133.39	117.87	0.3	1.14	169.25	166.44	114.98	133.05	117.51	171.87	148.99	169.60
Euro-Pacific (1554)	187.09	0.9	182.76	126.50	146.45	143.18	0.5	2.01	185.38	182.30	125.93	145.73	142.49	187.09	166.51	174.32
North America (726)	256.73	0.2	250.79	173.59	200.97	258.04	0.2	2.21	256.14	251.89	174.00	201.36	255.44	262.26	202.03	202.03
Europe Ex. UK (520)	191.22	1.0	186.80	129.29	149.69	157.54	0.6	2.46	189.37	186.23	128.64	148.87	156.69	191.22	161.73	162.86
Pacific Ex. Japan (351)	291.81	-0.2	285.06	197.30	228.43	252.47	-0.1	2.93	292.35	287.50	198.60	229.82	252.82	293.73	237.71	242.72
World Ex. US (1744)	188.30	0.9	183.94	127.31	147.40	147.56	0.5	2.01	186.62	183.52	126.77	146.70	146.83	188.30	167.36	174.55
World Ex. UK (2169)	208.54	0.5	203.72	141.00	163.24	175.80	0.3	1.90	207.45	204.00	140.92	163.08	173.22	209.07	179.23	181.62
World Ex. Japan (1890)	241.09	0.5	235.52	163.01	188.73	228.28	0.4	2.51	239.80	235.82	162.90	188.51	227.42	242.39	197.10	197.35
The World Index (2371)	211.10	0.6	206.22	142.73	165.25	180.84	0.4	2.09	209.79	206.31	142.52	164.92	180.14	211.22	181.82	183.82

Latest prices were unavailable for this edition.

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